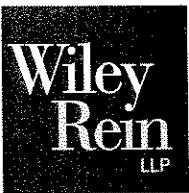


ATTACHMENT D

**DOCUMENTS SUBMITTED BY VERIZON AS PART OF,
OR IN SUPPORT OF, ITS APPLICATION**

1. 8/2/07 Correspondence from Verizon's outside counsel, Brian Johnson of Wiley Rein LLP, to Village Clerk-Treasurer, Gladys DeFreese, enclosing Verizon's application for a cable television franchise
2. 8/6/07 Correspondence from Verizon's outside counsel, Brian Johnson of Wiley Rein LLP, to Village Clerk-Treasurer, Gladys DeFreese, enclosing letter transmitting to Cablevision a copy of Verizon's application
3. 8/7/07 Correspondence from Verizon's outside counsel, Brian Johnson of Wiley Rein LLP, to Village Clerk-Treasurer, Gladys DeFreese, enclosing Verizon's proposed franchise agreement
4. 8/17/07 Correspondence from Verizon's Senior Vice President, Monica Azare, to Village Mayor, Brian Miele, regarding the August 22 public hearing and enclosing an information sheet outlining the benefits of Verizon FiOS TV service
5. 8/22/07 Correspondence from Verizon's outside counsel, Brian Johnson of Wiley Rein LLP, to Village officials, addressing Cablevision's anticipated claims
6. 9/6/07 Correspondence from Verizon's outside counsel, Brian Johnson of Wiley Rein LLP, to Village Attorney, Alan Simon, responding to Cablevision's comments
7. 9/7/07 Correspondence from Verizon's outside counsel, Brian Johnson of Wiley Rein LLP, to Village Attorney, Alan Simon, withdrawing request for confidentiality
8. 9/17/07 Correspondence from Verizon's outside counsel, Brian Johnson of Wiley Rein LLP, to Village Attorney, Alan Simon, regarding additional changes to the franchise agreement
9. 9/25/07 Correspondence from Verizon's outside counsel, Brian Johnson of Wiley Rein LLP, to Village Attorney, Alan Simon, enclosing revised franchise agreement in blackline format

Tab 1



1776 K STREET NW
WASHINGTON, DC 20006
PHONE 202.719.7000
FAX 202.719.7049

7925 JONES BRANCH DRIVE
McLEAN, VA 22102
PHONE 703.905.2800
FAX 703.905.2820

www.wileyrein.com

August 2, 2007

Brian A. Johnson
202.719.3480
bjohnson@wileyrein.com

VIA UPS

Gladys De Freese
Village Clerk-Treasurer
Village of Hillburn
Village Hall
31 Mountain Avenue
Hillburn, New York 10931

Re: Application of Verizon New York Inc. for a Cable Television Franchise

Dear Ms. De Freese:

Pursuant to the requirements of 16 N.Y.C.R.R. Section 894.5, please find enclosed the application of Verizon New York Inc. to the Village of Hillburn for a cable television franchise.

A copy of the final proposed Cable Franchise Agreement by and between the Village of Hillburn and Verizon New York Inc. will be sent under separate cover.

Please contact me at (202) 719-3480 should you have any questions.

Very truly yours,

A handwritten signature in cursive script that reads "Brian A. Johnson".

Brian A. Johnson

Enclosures

cc: Alan Simon, Esq., Village Attorney
Verizon New York Inc.

12690201.1

APPLICATION FOR A CABLE TELEVISION FRANCHISE
BY VERIZON NEW YORK INC.

Verizon New York Inc. ("Verizon NY") respectfully submits this application form ("Application") and requests the award of a cable television franchise from the Village of Hillburn ("Municipality"). In this application, Verizon NY answers the questions set forth in Title 16, Chapter VIII, Part 894, Section 894.5, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended.

- (1) A description of the cable television system proposed to be constructed including information regarding (a) channel capacity, including both the total capability of the proposed system and the number of channels to be energized immediately; (b) television and radio broadcast signals which Verizon NY intends to carry on its system initially; (c) the extent and type of any origination cable casting to be undertaken, and the facilities, equipment and staff to be employed therein; and (d) the system layout or design, including where applicable: (i) location of antennae and headends; (ii) plans for a two-way capability including a proposed schedule indication when two-way capability will become available from particular points; (iii) location or origination points and origination facilities; (iv) extent and type of automated services to be provided; and (v) number of channels to be utilized for access cablecasting and the facilities, equipment, staff and other support to be available to access users including access utilization or production costs.

In response to the information requested in subsections 1(a) and (d)(i-ii), please see attached Exhibit 1, "Proposed Service Overview, Product Offers and Architecture." In response to question 1(b), please see the sample channel line up set forth in Exhibit 2, "Verizon FiOS TV – New York Area Channel Lineup."

In response to the information requested in subsection 1(c) and 1(d)(iii), Verizon NY does not currently plan to engage in origination cable casting.

In response to the information sought in subsection 1(d)(v), upon request of the Municipality, Verizon NY intends to provide capacity on its basic service tier for up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel.

- (2) The terms and conditions under which service is to be provided to educational and governmental entities.

Verizon NY will provide channel capacity to educational and governmental entities under terms and conditions consistent with applicable law, and as may be required by the Municipality.

- (3) The terms concerning rates and construction schedules.

Verizon NY's current cable television service rates and available packages are attached as Exhibit 3.

Verizon NY has completed the construction of its fiber to the premises ("FTTP") network to approximately 31% of the households in the Municipality. A full discussion of the construction requirements and central office conversion requirements to bring FTTP and cable television service to the Municipality is contained in Exhibit 1.

On June 15, 2005, the New York Public Service Commission ("NY PSC") "declared that Verizon NY's FTTP upgrade is authorized under its existing state telephone rights because the upgrade furthers the deployment of telecommunications and broadband services, and is consistent with state and federal law and in the public interest." The NY PSC determined that, unlike a company seeking to build an unfranchised cable television system, Verizon NY already has the necessary authority to use the rights-of-way to provide telecommunications service over its existing network. See Declaratory Ruling on Verizon Communication, Inc.'s Built-Out of its Fiber to the Premises Network, NY Public Service Commission, Case 05-M-0520/05-M-0247, June 15, 2005 at 4.

Verizon NY will continue to adhere to applicable lawful customary time, place and manner permitting requirements of the Municipality.

- (4) An indication of whether Verizon NY will provide service on the same terms and conditions as contained in the existing franchise in effect.

Verizon NY will provide service on terms and conditions consistent with the needs and interests of the Municipality and the level playing field requirement set forth in Title 16, Chapter VIII, Part 895, Section 895.3, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended, in that the Verizon NY proposed franchise is comparable in its totality with the incumbent cable television provider's agreement. Verizon NY is applying for a cable television franchise in the Municipality in order to provide the residents of the Municipality with competitive choice.

As more fully described in Exhibit 1, Verizon NY is constructing its FTTP network pursuant to its authority as a common carrier under Title II of the Communications Act of 1934, as amended, and Section 27 of the New York Transportation Corporations Law. For this reason and others, certain terms and conditions may differ between the incumbent cable provider's franchise and Verizon NY's franchise.

- (5) A statement of Verizon NY's experience in the cable television field including, if applicable, the names and professional experience of the persons or organizations who

will be responsible for the construction, installation and operation of the proposed system.

Verizon NY and its predecessor entities have provided telecommunications services in the State of New York for over one hundred years. Consequently, Verizon NY has extensive experience and expertise in the telecommunications field. Generally, the current cable service operation of Verizon NY is similarly based on an extensive history. Specifically, Verizon NY has applied the comprehensive knowledge of current Verizon NY employees in the provision of telecommunications service, including in-depth knowledge and experience of employees who were involved in affiliated enterprises.

Verizon NY was awarded cable television franchise by the following municipalities: (1) Village of Massapequa Park (Nassau County); (2) Village of Nyack (Rockland County); (3) Village of South Nyack (Rockland County); (4) Village of Upper Nyack (Rockland County); (5) Town of Hempstead (Nassau County); (6) Village of Cedarhurst (Nassau County); (7) Town of Oyster Bay (Nassau County); (8) Village of Laurel Hollow (Nassau County); (9) Village of Grand View-on-Hudson (Rockland County); (10) Village of Lynbrook (Nassau County); (11) Town of Clarkstown (Rockland County); (12) Village of Mineola (Nassau County); (13) Village of East Rockaway (Nassau County); (14) Town of Greenburgh (Westchester County); (15) Town of Smithtown (Suffolk County); (16) Village of Irvington (Westchester County); (17) Village of Valley Stream (Nassau County); (18) Town of Huntington (Suffolk County); (19) Village of Farmingdale (Nassau County); (20) Village of Ardsley (Westchester County); (21) Village of Freeport (Nassau County); (22) Village of Dobbs Ferry (Westchester County); (23) Village of Tarrytown (Westchester County); (24) Town of Eastchester (Westchester County); (25) Town of Mount Kisco (Westchester County); (26) Village of Elmsford (Westchester County); (27) Village of Port Chester (Westchester County); (28) Village of Tuckahoe (Westchester County); (29) Town of Orangetown (Rockland County); (30) Village of Piermont (Rockland County); (31) City of White Plains (Westchester County); (32) Village of Airmont (Rockland County); (33) Village of Williston Park (Nassau County); (34) Town of North Hempstead (Nassau County); (35) Village of Rye Brook (Westchester County); (36) Town of Haverstraw (Rockland County); (37) Village of New Hyde Park (Nassau County); (38) Village of West Haverstraw (Rockland County); (39) Town of North Castle (Westchester County); (40) Village of Chestnut Ridge (Rockland County); (41) Village of Bayville (Nassau County); (42) Village of Sands Point (Nassau County); (43) Village of Old Field (Nassau County); (44) City of Mount Vernon (Westchester County); (45) Village of Spring Valley (Rockland County); (46) Town of Mount Pleasant (Westchester County); (47) Village of Suffern (Rockland County); and (48) Village of Scarsdale (Westchester County); (49) Village of Bronxville (Westchester County); (50) City of Yonkers (Westchester County); (51) Village of Floral Park (Nassau County); and (52) Town of Islip (Suffolk County).

The NY PSC granted the following Orders and Certificates of Confirmation for Verizon NY's approved franchises: (1) Massapequa Park - December 14, 2005;

(2) Nyack – February 8, 2006; (3) South Nyack – February 8, 2006; (4) Upper Nyack – May 18, 2006; (5) Hempstead – May 18, 2006; (6) Cedarhurst – June 22, 2006; (7) Oyster Bay – June 23, 2006; (8) Laurel Hollow – August 24, 2006; (9) Grand View-on-Hudson – August 24, 2006; (10) Lynbrook – September 21, 2006; (11) Clarkstown – September 21, 2006; (12) Mineola – September 21, 2006; (13) East Rockaway – October 19, 2006; (14) Greenburgh – October 19, 2006; (15) Smithtown – November 10, 2006; (16) Irvington – November 10, 2006; (17) Valley Stream – November 10, 2006; (18) Huntington – November 10, 2006; (19) Farmingdale – November 10, 2006; (20) Ardsley – December 15, 2006; (21) Dobbs Ferry – December 15, 2006; (22) Freeport – December 15, 2006; (23) Tarrytown – December 15, 2006; (24) Eastchester – January 19, 2007; (25) Mount Kisco – January 19, 2007; (26) Elmsford – February 15, 2007; (27) Port Chester – March 21, 2007; (28) Tuckahoe – March 21, 2007; (29) Orangetown – April 20, 2007; (30) Piermont – April 20, 2007; (31) White Plains – May 17, 2007; (32) Airmont – May 17, 2007; (33) Williston Park – May 17, 2007; (34) Rye Brook – May 17, 2007; (35) North Hempstead – June 22, 2007; (36) West Haverstraw – June 22, 2007; (37) Haverstraw – June 22, 2007; (38) New Hyde Park – June 22, 2007; (39) North Castle – June 22, 2007; (40) Chestnut Ridge – June 22, 2007; (41) Bayville – June 22, 2007; (42) Sands Point – June 22, 2007; (43) Mount Pleasant – July 19, 2007; (44) Mount Vernon – July 19, 2007; (45) Old Field – July 19, 2007; and Spring Valley – July 19, 2007.

Furthermore, other subsidiaries of Verizon Communications Inc. were awarded cable television franchises by 809 franchising authorities in California, Delaware, Florida, Maryland, Massachusetts, New Jersey, Pennsylvania, Texas, and Virginia.

- (6) A statement indicating whether Verizon NY or any of its principals owns or operates any other cable television system, directly or indirectly, and a statement indicating the name of any such operations and the name and address of the chief executive officer of the franchising authority in which such system or station is located.

Verizon NY does not own or operate any other cable television system, directly or indirectly.

- (7) A documented plan for financing the proposed system, which plan shall indicate specifically every significant anticipated source of capital and any and all limitations or conditions with respect to the availability of the indicated sources of capital.

Verizon NY intends to finance the construction of the FTTP system and the provision of cable services over the FTTP system through a variety of internally and externally generated funds. Verizon NY is a financially stable company which has provided telecommunications services in New York State for more than a century. Its parent company, Verizon Communications Inc., is a Fortune 20 company, a Dow 30 Industrials company, and had 2006 revenues in excess of \$88 billion. A copy of The 2006 Form 10-K of Verizon Communications Inc. can be accessed via the following internet address:

http://investor.verizon.com/sec/sec_frame.aspx?FilingID=5002107

A copy of the Verizon Communications Inc. 2006 Annual Report to Shareholders can be accessed via the following internet address:

http://investor.verizon.com/financial/quarterly/pdf/06_annual_report.pdf

- (8) A statement indicating whether Verizon NY or any of its officers, directors and persons having a legal or equitable interest in 10% or more of the voting stock: (a) has ever been convicted of a crime involving moral turpitude (including criminal fraud) or is presently under indictment charging such a crime; (b) has ever been held liable by any court of competent jurisdiction in any civil action based on fraud, deceit or misrepresentation; or (c) has ever been punished or censured in any jurisdiction for any violation or attempted violation of any law, rule or order relating to cable television operations.

Verizon NY has no knowledge of any such finding of guilt toward Verizon NY, any person controlling Verizon NY, or any officer, director or major stockholder of Verizon NY.

PROPOSED SERVICE OVERVIEW, PRODUCT OFFERS AND ARCHITECTURE

- Overview of Fiber to the Premises (FTTP) Deployment
- Service Overview
 - Product Offer
 - Service Delivery/Connection Method
- FTTP System Architecture
 - End-to-End Architecture
 - Wide Area Transport

Overview of Fiber To The Premises (FTTP) Deployment

Fiber to the Premises (FTTP) is a key Verizon corporate initiative to provide voice, cable television and very high speed data services. FTTP uses fiber-optic cable and optical electronics to directly link homes and many businesses to the Verizon network. The fiber network being deployed can support cable television and, where appropriate, Verizon will seek to provide cable service to customers. Key objectives include, but are not limited to, the delivery of higher customer satisfaction, superior performance (network, applications & technical support), and an installation process that surpasses the Cable, DBS and DSL experience today.

- Verizon Communications companies began deploying FTTP in twelve states in 2004. Verizon passed six million homes with FTTP in sixteen states by the end of 2006.
- Cable television services deployment will be a subset that is ancillary to the voice and data FTTP services. Select FTTP-enabled wire centers will be deployed for cable service in the first instance.

Service Overview

The FTTP Network will enable provision of a feature rich and fully competitive cable television offering. The major components of the cable television services which Verizon will offer to consumers will include:

- Basic tier, including local and Educational and Government (EG) channels as requested by and as negotiated with the community
- Expanded Service tiers
- Premium channel tiers
- Pay Per View (PPV)
- HDTV channels
- Digital music channels
- Digital Video Recorder (DVR)

- Interactive programming guide (IPG)
- Inside coax cable wire installation

Product Offers

For residential customers, Verizon will initially offer Broadcast Television, High Definition TV (HDTV), Digital Video Recorders (DVR), Interactive Programming Guide (IPG) and Pay Per View (PPV) Movies and Events. The Broadcast Television offering will consist of both a Basic Service tier and an Expanded Service tier. The Basic Service tier will include local, educational/government (EG) channels and select cable channels. The Expanded Service tier will include all channels carried on the Basic Service tier as well as additional cable channels, premium cable channels, Spanish language channels, international channels, digital music channels, an interactive program guide (IPG), HDTV programming (for subscribers with an HD STB) and PPV programming. Customers will be charged a monthly recurring fee for each set top box (STB) based upon model. The customer will be offered the option to upgrade STBs to include support for HDTV, or a combined HD DVR STB for additional monthly fees.

In addition to organizing and informing the customer of the programming line-up, the system is designed from its outset to be an active two-way system for subscriber interaction, if any, required for the selection or use of cable service. The IPG will support on-screen program control, parental controls, timers, search, and ordering of PPV services. Pay Per View allows subscribers to pay for and watch prescheduled programming events on an on-demand basis. PPV movies or events will be selected from the IPG. Authorization for billing will occur at the time of purchase. Events begin at pre-scheduled intervals (i.e., programming is not immediately available). Customers will purchase PPV either as discrete events or in pre-defined packages.

Service Delivery/Connection Method

Connection Method

At initial deployment, an installation and maintenance (I&M) technician will connect the Optical Network Terminal (ONT) to a central point of demarcation where a cable television I&M technician will make final connections to provide the cable television service. After the installation of the ONT, a cable television field technician will test the existing in-home coaxial cable to determine if it is technically acceptable and will connect the service. If no coaxial cable exists or the coaxial cable is unacceptable, the technician will install wiring to the first cable outlet, and will install new coaxial wiring to other locations identified by the customer at the customer's request and expense. The customer may choose to self-install such wiring, or to obtain inside wiring installation service from a third party or Verizon.

Connection Method – Set Top Box

The technician will have a set top box that will need to be installed near the TV. The technician will connect a coaxial cable from the wall outlet to the set top and another coaxial cable from the set top box to the TV. The technician will also connect the customer's VCR and/or DVD device and check for proper operation. A fee may be charged for non-standard installations involving

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VILLAGE OF HILLBURN/VERIZON NEW YORK INC.

multiple components such as surround sound systems or other electronic equipment. This process will be followed for any boxes installed.

When a set top box is installed the technician will call the service center at which point certain services previously ordered by the customer will be activated. A remote command will be issued to the set top box in real time to turn the purchased service(s) on.

Connection Method: - PPV

The set top box provides access to the service. Customers will use their remote control to purchase the programming they desire. Purchases will appear on the monthly bill.

Equipment Changes and Re-Configurations

When a customer changes the in-home configuration (e.g., moving a set top box from one TV to another), the customer will be able to accomplish this change without reconfiguring the set top box.

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FTTP System Architecture

End-to-End Architecture

Figure 1 shows the architecture topology for supporting service across multiple market areas. A brief summary of the end-to-end architecture follows. Subsequent sections provide more information on each major component within the planned Verizon FTTP overlay architecture.

Figure 2 shows full build and overlay architecture. FTTP will be built instead of copper facilities in new communities. In existing communities, the existing copper network will continue to serve those customers who have not migrated to the FTTP network. The fiber is deployed from a Central Office location within a wire center area.

Figure 1-High Level End to End Architecture

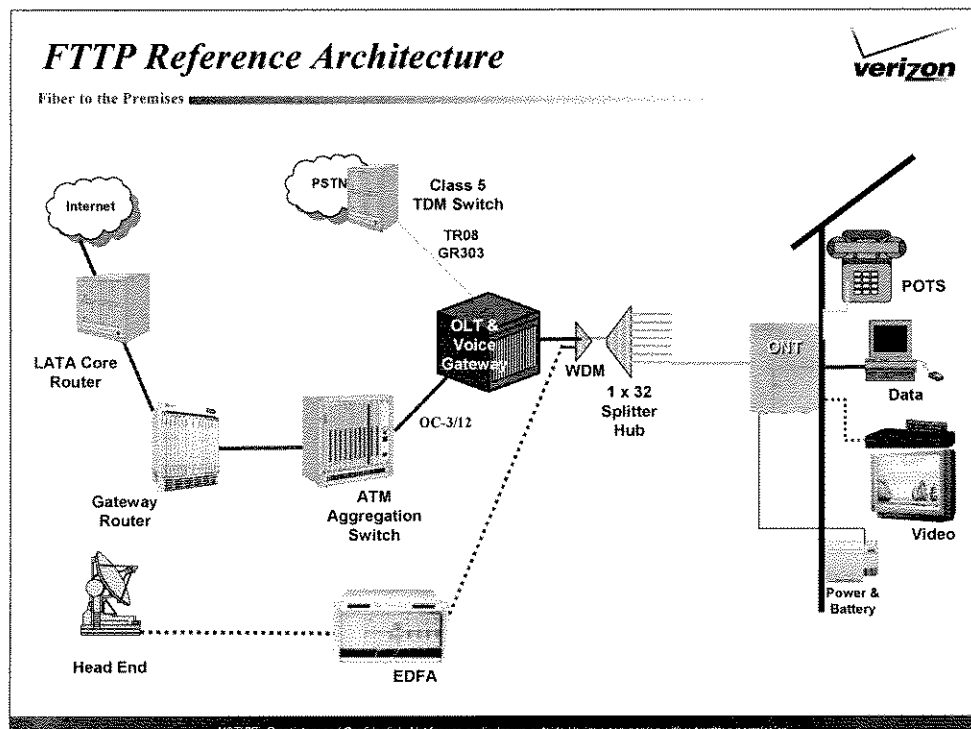
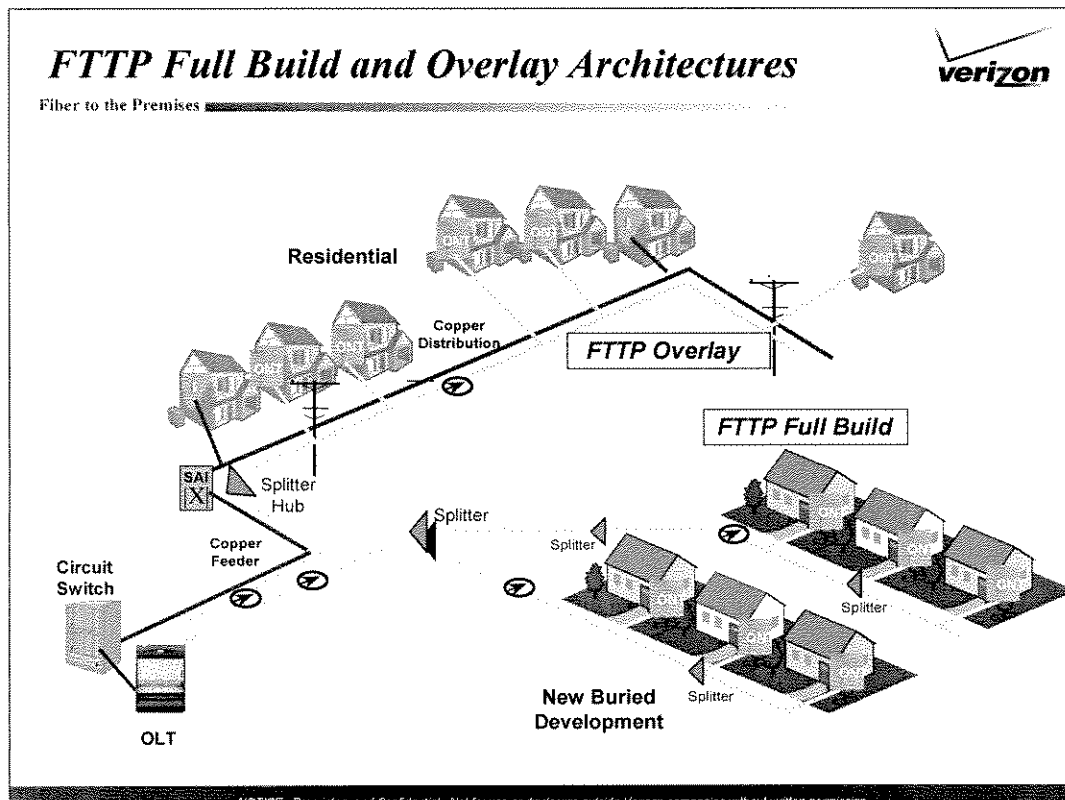


Figure 2-FTTP Full Build and Overlay Architectures



At the national or regional level, a “super” headend (SHE) (Temple Terrace, Florida with a backup in Bloomington, Illinois) shall serve as the single point of national content aggregation (see Figure 1). All content shall be encoded into MPEG2 streams and transported over nationwide SONET services. In each market where Verizon seeks to offer service, the broadcast cable television traffic is off loaded from the long haul network and terminated at a Video Hub Office (VHO). Network redundancy and route diversity shall extend from the SHE to the VHO.

The VHO serves as the metro or local point of aggregation. It is here that off-air and public, educational, and government (PEG) channels (where appropriate) are combined with the broadcast cable television coming from the SHE. Interactive Program Guides (IPG) shall be controlled from this site, also. The service that exits the VHO shall look like the final product viewed by the end user subscriber.

Cable television traffic is converted to optical signals at the VHO and transported over Verizon’s metro area, inter-office facilities (IOF) to Video Serving Offices (VSOs). Voice and high-speed data signals are combined with the cable television at this location for final transport to the subscriber premises over Verizon’s FTTP Passive Optical Network (PON).

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At the premise, the optical cable television signal is de-multiplexed and converted to an electrical signal, which meets cable television industry standards for cable services. Standard home wiring practices, using coaxial cables, as well as alternative media, shall distribute the signal to cable ready TVs and standard set top boxes.

There will be 24x7 control and surveillance of the cable television platform from a remote location. This Network Operations Center (NOC) will be centrally located and shall be responsible for the operation and maintenance of the Conditional Access System (CAS), which directs the encryption functions performed back at the VHO.

Super Headend (SHE)

A “super” headend (SHE) shall serve as the single point of national content aggregation. At general service availability, Verizon shall deploy a primary SHE and an additional SHE for redundancy.

Both the primary and redundant SHEs will be strategically located to ensure technical and environmental requirements are met.

The key functions of the SHE include:

Content Reception

Signal Processing

Encoding

Network Interface

The majority of cable television sources shall be individual content provider programming. A mix of standard and high definition formats shall be supported. All content shall be encoded into MPEG2 streams, formatted for SONET, and transported via an OC48c to a local point-of-presence (POP) for wide area (national) transport.

Wide Area Transport

In support of the cable television service, Verizon will use OC48c SONET facilities in the POPs serving target cable markets. Where multiple POPs exist within a market, redundancy options shall dictate if a single or multiple POPs shall be designated for supporting the cable television traffic.

In most cases, it is expected that the cable television traffic shall traverse multiple interconnected rings between the SHE and the destination market. Once the cable traffic reaches a POP located in a target market, it will be forwarded to an OC48c SONET interface connected to metro/local SONET facilities. These facilities shall connect the POP to a Video Hub Office (VHO). VHOs are capable of serving multiple communities within a target market. If more than one VHO is required, the metro SONET ring(s) would be deployed to cover multiple sites.

Video Hub Office (VHO)

The VHO serves as the metro or local point of aggregation. The VHO location (Queens, NY) is based on a combination of technical factors, metro fiber/IOF availability, local channel reception characteristics, and municipal regulations (e.g., zoning ordinances).

Under current network design plans, the anticipated functions of the VHO include:

WAN Interface for Cable television Transport

Ad Insertion

PEG Content

Signal Grooming and Multiplexing

Emergency Alert Service

Interactive Program Guide

Conditional Access

Local Content

The VHO shall aggregate three basic sources of content: national broadcast channels, local broadcast channels, and public, educational, & government (PEG) channels. The national content is the traffic sent from the SHE and is delivered via an OC48c SONET interface from the SONETPOP. The local broadcast channels shall be received off-air via antennas or terrestrial fiber transport located at the VHO site. The PEG channels shall be collected via terrestrial connections from each local franchising area (LFA) served by the VHO.

The final collection of content is placed into the RF spectrum between 50 – 870 MHz as either an analog AM-VSB signal or, as part of a digital multiplex, into a 256-QAM modulated carrier. Digital content requiring encryption by the CAS shall also be multiplexed into QAM modulators and combined with other analog and digital carriers. In addition, an out-of-band downstream channel is generated which carries the Interactive Program Guide (IPG), provisioning, and management messages to STBs. The combined RF signal is converted to optics and fed into erbium-doped fiber amplifiers (EDFAs) at egress from the VHO. These optical cable television signals are transported on the 1550 nm wavelength of the G.983-specified Enhancement band to Verizon Video Serving Offices (VSOs).

As noted previously, it is intended that the broadcast cable television traffic/service that exits the VHO shall look like the final product viewed by the end user subscriber.

Metro Area Transport

The optical cable television signals coming from the VHO are transported on the 1550 nm wavelength over fiber available within Verizon's inter-office facilities (IOF).

Video Serving Office (VSO) & Passive Optical Network (PON)

The Video Serving Office (VSO) is a location within the central office containing FTTP equipment. The VSO that will serve the City of Peekskill is located in Peekskill, New York. If technically feasible or otherwise appropriate, PEG insertion may occur at these locations in the network.

The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network.

Once in the VSO, the optical cable television signal is sent through an EDFA and then to a Wave Division Multiplexer (WDM) combiner and splitter, which is used to add the cable signal to the voice and high-speed data signals' wavelength (1490nm) – coming from the Optical Line Terminal (OLT) – together with the cable wavelength onto a single optical source. This optical signal is then sent towards the subscriber premises via a PON. The VSO will also play a role in supporting upstream signals from the customer premises for pay-per-view services. Pay-per-view usage data uses the data service's 1310nm upstream wavelength. The upstream data communications shall be sent back to a subscriber database located in the Operations Center located in the VHO.

Customer Premises

At the premise, an Optical Network Terminal (ONT) de-multiplexes the 1550nm optical signal and simply converts it to a voice, data and cable television electrical signal, which meets cable television industry standards for cable services.

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LEGAL AUTHORITY TO CONSTRUCT FIBER TO THE PREMISES

Verizon New York Inc. (“Verizon”), as a common carrier under Title II of the Communications Act of 1934 (the “Act”), is constructing its Fiber To The Premises (FTTP) network as an upgrade to its existing telecommunications network. Verizon has the requisite authority to upgrade its network for enhanced voice and broadband services for the reasons discussed, in part, below.

Verizon has the necessary Federal, state and local authorizations to upgrade its Title II telecommunications network, subject to customary time, place and manner permitting requirements. Specifically, Section 27 of the New York Transportation Corporations Law (“New York Telecom Law”) grants Verizon the right to place its facilities upon, over or under any public streets within the State of New York. See New York Tel. Co. v. Town of North Hempstead, 41 N.Y.2d 691, 363 N.E.2d 694 (1977); New York Tel. Co. v. City of Amsterdam, 613 N.Y.S.2d 993, 994 (App. Div. 1994) (stating that Section 27 grants “an unconditional privilege to install, maintain and repair” telephone facilities in public streets).

The Title II services to be provided over Verizon’s FTTP network are not subject to Title VI of the Act or Article 11 of the New York State Public Service Law (“New York Cable Law”), which regulate cable television service. Verizon plans to utilize FTTP to offer its customers enhanced voice and broadband data services. While FTTP may give Verizon the future capability of providing video service, the network is not subject to Title VI of the Act or the New York Cable Law (including any construction requirements that may be set forth therein) unless and until the network constitutes a “cable system” as defined in Section 602(7) of the Act or a “cable television system” as defined in Section 212(2) of the New York Cable Law. This is triggered only when cable services, such as video programming, are provided to multiple subscribers within a community. As stated in Section 602(7) the Act, “the term ‘cable system’ ... does not include ... (C) a facility of a common carrier which is subject, in whole or in part, to the provisions of title II of this Act, except ... to the extent that such facility is used in the transmission of video programming directly to subscribers....” (emphasis added) 47 U.S.C. § 522(7)(C). See Nat’l Cable Television Ass’n v. FCC, 33 F.3d 66 (D.C. Cir. 1994) (concluding that the FCC “reasonably interpreted the Act to require that an entity obtain a cable franchise only when that entity selects or provides the video programming to be offered.”) Moreover, Section 621(b)(3) of the Act (47 U.S.C. § 541(b)(3)) further specifically prohibits franchising authorities from requiring cable franchises for the provision of telecommunications service or in any way restricting or impeding the provision of such service.

Verizon has the requisite authority as a common carrier under Title II of the Act and Section 27 of the NY Telecom Law to construct its FTTP network. It need not seek supplemental authority to construct the network. However, as provided in Title VI of the Act and the New York Cable Law, a cable franchise would be required prior to Verizon using the FTTP network to provide video programming to multiple subscribers in a local franchise area.

Furthermore, on June 15, 2005, the New York Public Service Commission ruled that Verizon does not need to obtain a cable franchise before constructing its FTTP network. The

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Commission found that unlike cable companies, Verizon already has the necessary authority under state law to use the public rights-of-way. Thus, the Commission concluded that Verizon has the right to upgrade its telecommunications network to make it capable of providing cable service. See Declaratory Ruling on Verizon Communication, Inc.'s Built-Out of its Fiber to the Premises Network, NY Public Service Commission, Case 05-M-0520/05-M-0247, June 15, 2005.

EXHIBIT 2
APPLICATION FOR A CABLE TELEVISION FRANCHISE
VILLAGE OF HILLBURN/VERIZON NEW YORK INC.

VERIZON NEW YORK INC.

VERIZON FIOS TV – NEW YORK AREA CHANNEL LINEUP

**NOTE: ALL INFORMATION PROVIDED
IS FOR THE NEW YORK AREA
AND IS SUBJECT TO CHANGE FOR THE MUNICIPALITY**

▶ HD
HD Extended
801 CW — WPX HD
802 CBS — WCBS HD
803 PBS — WNET HD
804 NBC — WNBC HD
805 FOX — WNYW HD
807 ABC — WABC HD
809 My WWOR HD
HD National
825 TNT HD
826 ESPN HD
827 ESPN 2 HD
828 NFL Network HD
830 YES HD
831 SportsNet New York HD
833 HD Net
834 HD Net Movies
835 Universal HD
836 Discovery HD
837 Wealth TV HD
838 National Geographic Channel HD
839 MTV HD
840 Food Network HD
841 HGTV HD
845 Lifetime Movie Network HD
HD Premium
851 HBO HD
852 Cinemax HD
853 Showtime HD
854 TMC HD
855 Starz HD

▶ LOCAL PLUS
860 NBC Weather Plus
861 The Tube Music Network
864 WNBC 4.4
866 WRNN-Rise
870 WLW 21
871 WLW Grate
872 13 Kids
873 13 World

**Subscription to corresponding premium channels and packages required.
 ***Not all local public, educational and governmental (PEG) channels may be available at the time of installation.
 Programming services offered within each package are subject to change, and not all programming services will be available at all times. Blackout restrictions also apply.

▶ VIDEO ON DEMAND**
900 FOS On Demand
ALL FREE
Home & Leisure
Info & Education
Kids
Marketplace
Music
News
People & Culture
Pop Culture
Sports
Women
En Español
Movies
International Films
Library
Movie Trailers
New Releases
En Español
Subscriptions
Cinemax
HBO
Showtime
Starz
Sundance
The Movie Channel
Playboy
Here!
Karaoke Channel
WWE 24-7
Events
Sports
Uncensored
En Español
Adult
FOS TV Help

▶ PUBLIC/EDUCATION/GOVERNMENT***
Ardley
37 Public Access
Cedarhurst
38 Public Access
Clarkstown
37 Public Access
Doobie East
37 Public Access
46 Government Access Channel
47 Educational Access Channel
Eastchester
40 Eastchester Town Gov. Access 1
East Rockaway
38 Public Access

Elmsford
37 Public Access
Farmingdale
38 Public Access
Fresno
38 Public Access
Grandview on Hudson
38 Public Access
Greenburgh
32 Government Access Channel
34 Public Access Channel 1
35 Government Access Channel 2
37 Public Access Channel 2
Hempstead
38 Public Access
Huntington
38 Public Access
Irvington
37 Public Access
Laurel Hollow
38 Public Access
Lynbrook
32 Lynbrook Education
33 Lynbrook Government 1
34 Lynbrook Government 2
38 Public Access
Massapequa Park
38 Public Access
Mineola
38 Public Access
40 Mineola Education & Government Access
Mount Kisco
37 Public Access
New Hyde Park
38 Public Access
Nyack
37 Public Access
Orangetown
37 Public Access
Oyster Bay
39 Public Access
Port Chester
37 Public Access
Scarsdale
37 Public Access
Smithtown
27 Smithtown Government
38 Public Access
South Nyack
37 Public Access
Tarrytown
37 Public Access
Tuckahoe
37 Public Access
Upper Nyack
37 Public Access
Valley Stream
38 Public Access

Verizon FiOS TV

New York Channel Lineup

EFFECTIVE MAY 2007

▶ FIOS TV LOCAL
2 CBS — WCBS-TV 2
4 NBC — WNBC-TV 4
5 FOX — WNYW-TV 5
6 WRNN-TV 62
7 ABC — WABC-TV 7
8 Superstation — WGN-TV
9 My WWOR-TV 9
10 WLNY-TV 55
11 CW — WPX-TV 11
12 Telemundo — WNUJ-TV 47
13 PBS — WNET-TV 13
17 WFTY-TV 67
18 WNBC-TV 63
21 CBS — WLW-TV 21
23 PBS — WJUN-TV 50
25 NYC-TV
29 PBS — WFME-TV 66
31 ION-TV 31
32 Local Programming
33 Local Programming
34 Local Programming
37 Local Programming
38 Local Programming
40 Local Programming
41 Univision — WXTV-TV 41
48 TV Guide
49 Weathercan Local

▶ FIOS TV PREMIER
Entertainment
50 USA Network
51 TNT
52 TBS
53 FX
54 Spike TV
Sports
60 ESPN
61 ESPN Classic Sports
62 ESPN News
63 ESPNU
64 ESPN 2
66 YES
67 SportsNet NY
68 MSG
69 Fox Sports Net NY
71 Speed Channel
72 NFL Network
75 VERSUS
76 Fox Soccer Channel

Home & Lifestyle
140 Style
141 Discovery Health
143 Fit TV
144 Food Network
145 HGTV (Home & Garden Television)
146 Fine Living
147 DIY (Do It Yourself)
148 Discovery Home
149 Wealth TV
150 Travel Channel

Pop Culture
160 Sci-Fi Channel
161 A&E
162 Crime & Investigation Network
163 Court TV
164 GSN
165 Bravo
166 Sleuth
167 Logo
168 Oran
169 BBC America
170 Comedy Central
171 G4
176 E! Entertainment Television
177 Fox Reality
178 Fuel
179 ABC Family

Music
180 MTV
181 MTV2
183 MTV Jams
184 MTV Hits
185 IMF (International Music Feed)
186 FUSE
187 VH1
188 VH1 Classic
189 VH1 Soul
190 BET Jazz
191 CMT
192 CMT Pure Country
193 Great American Country
194 Gospel Music Channel
195 BET Gospel
199 Soundtrack Channel

Movies
200 Turner Classic Movies
201 AMC
202 Fox Movie Channel
Family
210 Hallmark Channel (East)
212 Family Net
213 AmericanLife TV
214 TV Land



FOS TV is frequently changing its channel offerings. To view our latest published channel lineup, please visit verizonfios.com/tv.

FIOS TV PREMIER (continued)

Channel

- 220 Disney
- 221 Toon Disney
- 222 Nickelodeon
- 223 Nick Too
- 224 Nick Toons
- 225 G4S
- 226 Noggin
- 227 Cartoon Network (ESP)*
- 228 Boomerang (ESP)*
- 229 Discovery Kids
- 230 Varsity
- 231 FUNimation
- 232 PBS KIDS Sprout
- Repeats & Classics**
- 240 BET
- 241 TV One
- 243 MTV Tr3s
- 244 Galavisi3n
- 245 Mun2
- 246 SI TV
- 247 AZN Television
- 248 Bridges TV
- Religion**
- 260 EWTN
- 261 INSP
- 262 Life
- 263 Church
- 264 JCTV
- 265 BYU
- 266 Three Angels
- 267 The Word Network
- 268 Daystar
- 269 Smile of a Child
- 270 Trinity Broadcast Network

SPORTS**

- 300 Fox College Sports — Atlantic
- 301 Fox College Sports — Central
- 302 Fox College Sports — Pacific
- 303 Tennis Channel
- 305 Golf Channel
- 307 Outdoor Channel
- 308 The Sportsman Channel
- 311 Fox Sports en Espa3ol
- 313 GoTV
- 315 TVG (Horse Racing)
- 316 Horse Racing TV
- 318 Max TV
- 319 Blackbelt TV
- 321 MSG 2
- 322 Fox Sports Net NY 2

MOVIES**

Channel

- 340 Starz
- 341 Starz West
- 342 Starz Edge
- 343 Starz Edge West
- 344 Starz in Black
- 345 Starz Kids & Family
- 346 Starz Cinema
- 347 Starz Comedy
- 348 Encore
- 349 Encore West
- 350 Encore Love
- 351 Encore Love West
- 352 Encore Westerns
- 353 Encore Westerns West
- 354 Encore Mystery
- 355 Encore Mystery West
- 356 Encore Drama
- 357 Encore Drama West
- 358 Encore Action
- 359 Encore Action West
- 360 Encore WAM!
- 361 Showtime
- 362 Showtime West
- 363 Showtime Showcase
- 364 Showtime Showcase West
- 365 Showtime Too
- 366 Showtime Too West
- 367 Showtime Beyond
- 368 Showtime Beyond West
- 369 Showtime Extreme
- 370 Showtime Extreme West
- 371 Showtime Women
- 372 Showtime Women West
- 373 Showtime Next
- 374 Showtime Next West
- 375 Showtime Family Zone
- 376 Showtime Family Zone West
- 377 The Movie Channel
- 378 The Movie Channel
- 379 The Movie Channel Xtra
- 380 The Movie Channel Xtra West
- 381 Flk
- 382 Flk West
- 384 Sundance
- 385 Independent Film Channel

PREMIUMS**

- 400 HBO
- 401 HBO West
- 402 HBO 2
- 403 HBO 2 West
- 404 HBO Signature
- 405 HBO Signature West

- 406 HBO Family
- 407 HBO Family West
- 408 HBO Comedy
- 409 HBO Comedy West
- 410 HBO Zone
- 412 HBO Zone West
- 413 HBO Latino
- 414 HBO Latino West

Originals**

- 415 Cinemax
- 416 Cinemax West
- 417 More Max
- 418 More Max West
- 419 Action Max
- 420 Action Max West
- 421 Thriller Max
- 422 Thriller Max West
- 423 Women's Max
- 424 At Max
- 425 Five Star Max
- 426 OutMax

Other Channels

- 430 Playboy TV en Espa3ol
- 435 here!

SPANISH LANGUAGE**

En Espa3ol

- 440 Galavisi3n
- 442 ESPN Deportes
- 443 Fox Sports en Espa3ol
- 444 GoTV
- 446 CNN en Espa3ol
- 447 Canal SUR
- 448 TVE Internacional
- 452 History Espa3ol
- 453 Discovery en Espa3ol
- 454 Viajer y Vivir
- 456 Infinito
- 457 MTV Tr3s
- 458 VH Uno
- 459 Telehit
- 462 De Pelicula
- 463 De Pelicula Clasicos
- 464 Cine Latino
- 465 Cine Mexicano
- 468 La Familia
- 469 TV Chile
- 470 TV Colombia
- 472 Sorpresa
- 473 Toon Disney Espa3ol
- 474 Boomerang (ESP)*
- 475 Discovery Kids en Espa3ol
- 477 TBN Enlace
- 478 EWTN Espa3ol

INTERNATIONAL PREMIUMS**

Channel

- 480 SBTN (Vietnamese)
- 481 CCTV-4 (Mandarin Chinese)
- 482 CTI — Zhong Tian Channel (Chinese)
- 483 TV Japan
- 484 MBC (Korean)
- 485 The Filipino Channel
- 486 TV Asia
- 487 ART (Arabic)
- 488 RAI (Italian)
- 489 TV 5 (French)
- 490 TVP Polonia (Polish)
- 491 Reng A Rang (Farel)
- 492 RTN Russian
- 493 Channel 1 Russian

LA CONEXI3N

Entertainment

- 500 USA Network
- 501 TNT
- 502 TBS
- 503 Galavisi3n
- 504 FX
- 505 Spike TV
- 508 ESPN Deportes
- 511 YES
- 512 SportsNet NY
- 513 Fox Sports en Espa3ol
- 514 Fox Soccer Channel
- 515 MSG
- 516 GoTV
- 517 Fox Sports Net NY
- 518 CNN en Espa3ol
- 519 CNN
- 520 CNN Headline News
- 521 Fox News
- 522 CNBC
- 524 C-SPAN
- 525 Canal SUR
- 529 TVE Internacional
- 530 History Espa3ol
- 531 Discovery Channel
- 532 Discovery en Espa3ol
- 534 Animal Planet
- 535 TLC (The Learning Channel)

- 537 Lifetime
- 538 Lifetime Movie Network

Classic

- 540 QVC
- 541 HSN
- 543 Shop NBC

Home & Leisure

- 545 Discovery Health
- 546 Viajer y Vivir
- 549 Infinito
- 550 Food Network
- 551 HGTV (Home & Garden Television)
- 552 Travel Channel
- Art & Culture**
- 555 E! Entertainment Television
- 556 A&E
- 557 SI TV
- 558 Mun2
- 559 Comedy Central
- 560 Sci-Fi Channel

Music

- 562 MTV Tr3s
- 563 MTV2
- 564 Telehit
- 565 VH Uno
- 566 CMT

Movies

- 569 De Pelicula
- 570 De Pelicula Clasicos
- 571 Cine Mexicano
- 572 Cine Latino

Family

- 574 ABC Family
- 575 La Familia
- 576 TV Chile
- 577 TV Colombia
- 578 TV Land

Children

- 580 Nickelodeon
- 581 Disney en Espa3ol
- 582 Toon Disney Espa3ol
- 583 Boomerang (ESP)*
- 584 Cartoon Network (ESP)*
- 585 Sorpresa
- 586 Discovery Kids en Espa3ol
- 588 TBN Enlace
- 589 EWTN Espa3ol

MUSIC CHOICE

Channel

- 600 Showcase
- 601 Today's Country
- 602 Classic Country
- 603 Bluegrass
- 604 R&B and Hip-Hop
- 605 Classic R&B
- 606 Smooth R&B
- 607 R&B Hits
- 608 Rap
- 609 Metal
- 610 Rock
- 611 Arena Rock
- 612 Classic Rock
- 613 Alternative
- 614 Retro-Active
- 615 Electronica
- 616 Dance
- 617 Adult Alternative
- 618 Soft Rock
- 619 Hit List
- 620 Party Favorites
- 621 90s
- 622 80s
- 623 70s
- 624 Solid Gold Oldies
- 625 Singers & Standards
- 626 Big Band & Swing
- 627 Easy Listening
- 628 Smooth Jazz
- 629 Jazz
- 630 Blues
- 631 Reggae
- 632 Soundscapes
- 633 Classical Masterpieces
- 634 Opera
- 635 Light Classical
- 636 Show Tunes
- 637 Contemporary Christian
- 638 Gospel
- 639 Radio Disney
- 640 Sounds of the Seasons
- 641 M3sica Urbana
- 642 Salsa y Merengue
- 643 Rock en Espa3ol
- 644 Pop Latino
- 645 Mexicana
- 646 Americana

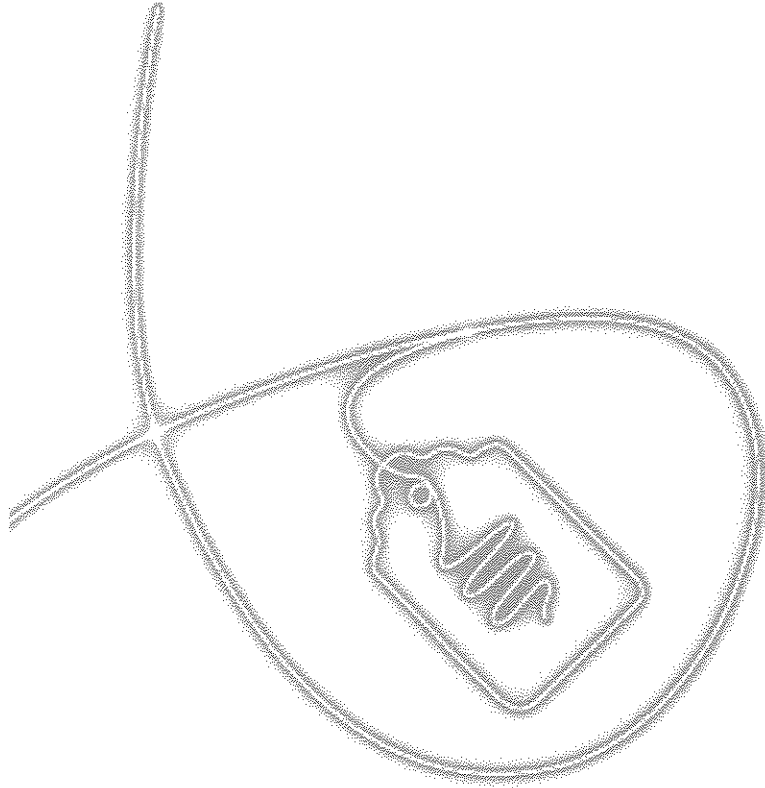
PAY PER VIEW

- 701 Events
- 702-707 ESPN-NCAA Sports/ GamePlan/Full Court

EXHIBIT 3
APPLICATION FOR A CABLE TELEVISION FRANCHISE
VILLAGE OF HILLBURN/VERIZON NEW YORK INC.

Verizon FiOS TV

Rates & Packages



Get more from your
fiber-optic experience.

Here's everything you need to create your perfect FiOS TV package.
First, choose your service. Then, add to it from our selection of digital packages and premium channels below.

Refer to the Channel Lineup for a complete listing of the channels included in each package.

Service	Number of Channels	Monthly Price
FiOS TV Local ¹	15-35	\$12.99
Digital Service (Requires Set Top Box (STB) and Router ²)		
FiOS TV Premier ³	160 + FiOS TV Local	\$42.99
La Conexión ⁴	115 + FiOS TV Local	\$32.99

Now, add more channels for just a few dollars more.

Packages (Requires STB)	Number of Channels	Monthly Price
Sports	13	\$7.99
Movies	44	\$12.99
Sports/Movies Combination	59	\$15.99
Spanish Language	25	\$11.99

Premiums ⁵ (Requires STB)	Number of Channels	Monthly Price
HBO ⁶	14	\$15.99
Cinemax ⁶	12	\$15.99
HBO/Cinemax Combination	26	\$25.99
Playboy TV ⁶ /Playboy TV en Español	2	\$15.99
here!	1	\$7.99

International Premiums ⁷ (Requires STB)	Number of Channels	Monthly Price
International Premium Channels	17	Individually Priced

Video On Demand (VOD) and Pay Per View (PPV) (Requires STB)	Price
-------------------------------------------------------------	-------

On Demand Movies

New Releases	\$3.99
Library	\$2.99

On Demand Subscriptions

WWE	\$7.99/mo.
Karaoke	\$7.99/mo.

On Demand Adult	\$14.99/each
PPV Events	Varies
PPV Sports	Varies
ESPN GamePlan -- NCAA Football	\$21.99/daily, \$129.99 season*
ESPN FullCourt -- NCAA Basketball	\$14.99/daily, \$109.99 season*

Set Top Box (STB)	Monthly Price
Standard Definition	\$4.99
High Definition (includes HD channels)	\$9.99
High Definition Digital Video Recorder (includes HD channels)	\$12.99
Home Media DVR (features Multi-Room DVR & Media Manager)	\$19.99

Initial Installation	One-Time Charges
Existing Outlet Hookup (up to 3)	No Charge
Additional Outlet/Set Top Box Hookup (existing outlet)	\$19.99
New Outlet Install/Existing Outlet Rewire (per outlet)	\$54.99
Outlet Relocation	\$54.99

Subsequent Installation/Charges	One-Time Charges
Set Top Box Addition or Upgrade/Downgrade	\$24.99
Premise Visit*	\$49.99
New Outlet Installation (per outlet)	\$54.99
Outlet Relocation (per outlet)	\$54.99
Setup of TV Equipment (new TV with existing STB)	\$49.99
Disconnect of Set Top Box*	\$24.99 + \$5.00/STB
Downgrade of Service from Digital to Analog	\$49.99 + \$5.00/STB
FiOS TV Service Disconnect	No Charge

Other Services and Charges	One-Time Charges
Seasonal Service Suspension (charged at initiation, 1-6 months)*	\$24.99
Replacement Remote -- FiOS TV Universal	\$6.99 + Shipping & Handling
Replacement Remote -- Basic Universal	\$5.00 + Shipping & Handling
Unreturned/Damaged STB -- Standard Definition	\$240.00
Unreturned/Damaged STB -- High Definition	\$350.00
Unreturned/Damaged STB -- Digital Video Recorder (DVR)	\$550.00

*In addition, early subscription and half season prices are available.



We never stop working for you.

- 1 In order to be eligible for Movies or Sports, FiOS TV Premier or La Conexión is required. The Spanish Language package may be added to FiOS TV Local service, but requires a Set Top Box for access. The addition of a Set Top Box with FiOS TV Local service provides access to Video On Demand (VOD) and Pay Per View (PPV), as well as the ability to order Premiums and International Premiums.
- 2 Router provided will be a new or fully inspected, tested and warranted return unit. If service is cancelled within the first 12 months, router must be returned or \$99.99 equipment fee applies. If you maintain service for twelve (12) consecutive months, ownership of the router shall transfer to you, after which time all maintenance of the router shall be at your sole cost and expense, and the risk of loss will be yours should the router be damaged or stolen.
- 3 FiOS TV Premier includes all FiOS TV Local channels, additional all-digital programming, digital music channels and access to Pay Per View and Video On Demand. 30-day minimum billing period required for all digital packages.
- 4 La Conexión includes all FiOS TV Local channels, digital programming including popular English-language networks and Spanish-language networks, digital music channels, and access to PPV and VOD. La Conexión cannot be combined with the Spanish Language package. 30-day minimum billing period required for all digital packages.
- 5 Subscription VOD is included with all Premiums at no extra charge (where applicable). 30-day minimum billing period required for all Premiums.
- 6 A premise visit charge is assessed when a technician installation is required to set up a new or additional TV with an existing FiOS TV Set Top Box. A premise visit charge is not assessed when adding new, upgrading/downgrading existing, or disconnecting Set Top Box receivers.
- 7 The Set Top Box disconnect charge is assessed only when the customer maintains at least one FiOS TV Set Top Box. If all Set Top Box receivers are disconnected, the service downgrade charge applies.
- 8 Seasonal service suspension requires a minimum suspension of one month and a maximum suspension of six months.

Programming services offered within each package are subject to change and the number of channels within each package are approximations. Not all programming services available at all times. Blackout restrictions also apply. In addition, the pricing of the packages and the terms and conditions regarding your use of Verizon FiOS TV are also subject to change. Pricing applies to residential use only within the United States. Not all services are available in all areas. Acceptance of FiOS TV Terms of Service is required in order to use FiOS TV, and a copy of the Terms of Service will be given to you at the time of installation. The customer is financially responsible for any damage to, or misuse of, any equipment or for the failure to return any equipment if service is terminated. Applicable franchise fees, regulatory fees and taxes apply. Other terms and conditions apply.

VEFIFF60157-307

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Tab 2

From: Johnson, Brian [mailto:BJohnson@wileyrein.com]
Sent: Monday, August 06, 2007 11:01 AM
To: gdefreese@hillburn.org
Cc: alanmsimonesq@verizon.net; Janus, Lincoln V. (Linc)
Subject: Transmittal of Verizon's Application for a Hillburn Village Cable Franchise to Cablevision

Gladys:

Attached is a copy of Verizon's letter of transmittal to Cablevision by which it sent a copy of the application for a cable franchise for Hillburn to Cablevision. If you should have any questions, please let me know.

Brian A. Johnson
Wiley Rein LLP
1776 K Street, NW
Washington, DC 20006
Voice: 202.719.3480
Fax: 202.719.7049
Cell: 240.475.2087
Email: bjohnson@wileyrein.com

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PLEASE NOTE: New Firm Name

Effective February 1, 2007, Wiley Rein & Fielding LLP became Wiley Rein LLP. The firm's website address became www.wileyrein.com and all firm email addresses reflect the new Internet domain name. Please take a moment to update your records with our new information.

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Maria Silveira
Assistant General Counsel
Video Franchising
703-351-3102 office
703-351-3652 facsimile
maria.d.silveira@verizon.com



1515 N. Courthouse Road
Suite 500
Arlington, VA 22201

Via Overnight Courier

August 3, 2007

Mr. David Ellen
SVP- General Counsel Cable, Telecommunications and Programming
Cablevision
1111 Stewart Avenue
Bethpage, New York 11714

Re: Verizon New York. Application for an initial Cable Television Franchise-
Hillburn, NY

Dear Mr. Ellen:

Pursuant to the requirements of 16 N.Y.C.R.R. Section 894.5(i), please find enclosed a copy of the application for an initial cable television franchise that Verizon New York Inc. submitted to the Village of Hillburn, Rockland County, New York. The Village has noticed a public hearing for August 22, 2007 at 7:00 p.m.

Sincerely,

A handwritten signature in cursive script, appearing to read "M. Silveira".

Maria Silveira

Enclosures: Application

cc (w/o enclosure): Gladys De Freese, Clerk-Treasurer

Tab 3

From: Johnson, Brian [mailto:BJohnson@wileyrein.com]
Sent: Tuesday, August 07, 2007 11:23 AM
To: gdefreese@hillburn.org
Cc: alanmsimonesq@verizon.net; Janus, Lincoln V. (Linc)
Subject: Verizon Cable Franchise Agreement with the Village of Hillburn

Gladys:

Attached for posting for public view is a copy of the final Cable Franchise Agreement between Verizon and Hillburn Village. If you should have any questions, please let me know.

Brian A. Johnson
Wiley Rein LLP
1776 K Street, NW
Washington, DC 20006
Voice: 202.719.3480
Fax: 202.719.7049
Cell: 240.475.2087
Email: bjohnson@wileyrein.com

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CABLE FRANCHISE AGREEMENT
BY AND BETWEEN
THE VILLAGE OF HILLBURN, NEW YORK
AND
VERIZON NEW YORK, INC.

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<u>ARTICLE</u>	<u>PAGE</u>
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2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS	6
3. PROVISION OF CABLE SERVICE	8
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EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

THIS CABLE FRANCHISE AGREEMENT (the “Franchise” or “Agreement”) is entered into by and between the Village of Hillburn, a validly organized and existing political subdivision of the State of New York (the “Local Franchising Authority” or “LFA”) and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (the “Franchisee”).

WHEREAS, the LFA wishes to grant Franchisee a nonexclusive franchise to construct, install, maintain, extend and operate a cable system in the Franchise Area as designated in this Franchise;

WHEREAS, the LFA is a “franchising authority” in accordance with Title VI of the Communications Act, (*see* 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended;

WHEREAS, Franchisee is in the process of completing the upgrading of its existing telecommunications and information services network through the installation of a Fiber to the Premise Telecommunications Network (“FTTP Network”) in the Franchise Area which transmits the Non-Cable Services pursuant to authority granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Communications Act, which Non-Cable Services are not subject to the Cable Law or Title VI of the Communications Act;

WHEREAS, the FTTP Network will occupy the Public Rights-of-Way within the LFA, and Franchisee desires to use portions of the FTTP Network to provide Cable Services (as hereinafter defined) in the Franchise Area;

WHEREAS, the LFA has identified the future cable-related needs and interests of the LFA and its community, has considered and approved the financial, technical and legal qualifications of Franchisee, and has determined that Franchisee’s plans for its Cable System are adequate and feasible in a full public proceeding affording due process to all parties;

WHEREAS, the LFA has found Franchisee to be financially, technically and legally qualified to operate the Cable System;

WHEREAS, the LFA has determined that in accordance with the provisions of the Cable Law, this Franchise complies with NY PSC’s franchise standards and the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, the LFA and Franchisee have reached agreement on the terms and conditions set forth herein and the parties have agreed to be bound by those terms and conditions.

NOW, THEREFORE, in consideration of the LFA’s grant of a franchise to Franchisee, Franchisee’s promise to provide Cable Service to residents of the Franchise/Service Area of the LFA pursuant to and consistent with the Cable Law (as hereinafter defined), pursuant to the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

Except as otherwise provided herein, the definitions and word usages set forth in the Cable Law are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1 *Access Channel*: A video Channel, which Franchisee shall make available to the LFA without charge for Public, Educational, or Governmental noncommercial use for the transmission of video programming as directed by the LFA.

1.2 *Affiliate*: Any Person who, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with, the Franchisee.

1.3 *Basic Service*: Any service tier, which includes the retransmission of local television broadcast signals as well as the PEG Channels required by this Franchise.

1.4 *Cable Law*: Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended, to the extent authorized under and consistent with federal law.

1.5 *Cable Service or Cable Services*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(6), as amended.

1.6 *Cable System or System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), as amended.

1.7 *Channel*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(4), as amended.

1.8 *Communications Act*: The Communications Act of 1934, as amended.

1.9 *Control*: The ability to exercise *de facto* or *de jure* control over day-to-day policies and operations or the management of Franchisee's affairs.

1.10 *Educational Access Channel*: An Access Channel available for noncommercial use solely by local public schools and public school districts in the Franchise Area and other not-for-profit educational institutions chartered or licensed by the New York State Department of Education or Board of Regents in the Franchise Area as specified by the LFA in Exhibit C to this Agreement.

1.11 *FCC*: The United States Federal Communications Commission, or successor governmental entity thereto.

1.12 *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual

weather conditions, strikes, labor disturbances and disputes, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, incidences of terrorism, acts of vandalism, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.13 *Franchise Area*: The incorporated area (entire existing territorial limits) of the LFA, and such additional areas that may be annexed or acquired.

1.14 *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees.

1.15 *Government Access Channel*: An Access Channel available for the sole noncommercial use of the LFA.

1.16 *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area.

Gross Revenue includes, without limitation: all Subscriber and customer revenues earned or accrued net of bad debts including revenue for: (i) Basic Service; (ii) all fees charged to any Subscribers for any and all Cable Service provided by Franchisee over the Cable System in the Service Area, including without limitation Cable Service related program guides, the installation, disconnection or reconnection of Cable Service; revenues from late or delinquent charge fees; Cable Service related or repair calls; the provision of converters, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee; (iii) video on demand, including pay per view; (iv) revenues from the sale or lease of access channel(s) or channel capacity; and (v) compensation received by Franchisee that is derived from the operation of Franchisee's Cable System to provide Cable Service with respect to commissions that are paid to Franchisee as compensation for promotion or exhibition of any products or services on the Cable System, such as "home shopping" or a similar channel, subject to the exceptions below. Gross Revenue includes a pro rata portion of all revenue derived by Franchisee pursuant to compensation arrangements for advertising derived from the operation of Franchisee's Cable System to provide Cable Service within the Service Area, subject to the exceptions below. The allocation shall be based on the number of Subscribers in the Service Area divided by the total number of subscribers in relation to the relevant local, regional or national compensation arrangement. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue.

Gross Revenue shall not include: Franchise Fees imposed on Franchisee by the LFA that are passed through from Franchisee as a line item paid by Subscribers; revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System; bad debts written off by Franchisee in the normal course of its business (provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected); refunds, rebates or discounts made to Subscribers or other

third parties; any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, however, that portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System for the sale of such merchandise shall be included in Gross Revenue; the sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable Franchise Fees from purchaser's customer; the sale of Cable Services to customers, which are exempt, as required or allowed by the LFA including, without limitation, the provision of Cable Services to public institutions as required or permitted herein; any tax of general applicability imposed upon Franchisee or upon Subscribers by a city, state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity (including, but not limited to, sales/use tax, gross receipts tax, excise tax, utility users tax, public service tax, communication taxes and non-cable franchise fees); any foregone revenue which Franchisee chooses not to receive in exchange for its provision of free or reduced cost cable or other communications services to any Person, including without limitation, employees of Franchisee and public institutions or other institutions designated in the Franchise (provided, however, that such foregone revenue which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue); sales of capital assets or sales of surplus equipment; program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing; any fees or charges collected from Subscribers or other third parties for any PEG Grant or Franchise Grant payments; and any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with federal law, rules, regulations, standards or orders. Should revenue from any service provided by Franchisee over the Cable System be classified as a Cable Service by a final determination or ruling of any agency or court having jurisdiction, after the exhaustion of all appeals related thereto, the LFA shall be entitled, after notification to Franchisee, to amend this Agreement in the manner prescribed under applicable state law or this Franchise to include revenue from Franchisee's provision of such service as Gross Revenue, and Franchisee shall include revenue from such service as Gross Revenue on a going forward basis commencing with the next available billing cycle following the date of issuance of an order from the NY PSC approving such amendment.

1.17 *Information Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. §153(20), as amended.

1.18 *Internet Access*: Dial-up or broadband access service that enables Subscribers to access the Internet.

1.19 *Local Franchise Authority (LFA)*: The Village of Hillburn, New York, or the lawful successor, transferee, or assignee thereof.

1.20 *Non-Cable Services*: Any service that does not constitute the provision of Video Programming directly to multiple Subscribers in the Franchise Area including, but not limited to, Information Services and Telecommunications Services.

1.21 *Normal Business Hours*: Those hours during which most similar businesses in the community are open to serve customers. In all cases, “normal business hours” must include some evening hours at least one night per week and/or some weekend hours.

1.22 *NY PSC*: The New York Public Service Commission.

1.23 *PEG*: Public, Educational, and Governmental.

1.24 *Person*: An individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

1.25 *Public Access Channel*: An Access Channel available for noncommercial use solely by the residents in the Franchise Area on a first-come, first-served, nondiscriminatory basis.

1.26 *Public Rights-of-Way*: The surface and the area across, in, over, along, upon and below the surface of the public streets, roads, bridges, sidewalks, lanes, courts, ways, alleys, and boulevards, including, public utility easements and public lands and waterways used as Public Rights-of-Way, as the same now or may thereafter exist, which are under the jurisdiction or control of the LFA. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.27 *Service Area*: All portions of the Franchise Area where Cable Service is being offered, as described in **Exhibit B** attached hereto.

1.28 *Subscriber*: A Person who lawfully receives Cable Service over the Cable System with Franchisee’s express permission.

1.29 *Telecommunication Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. § 153(46), as amended.

1.30 *Title VI*: Title VI of the Communications Act, Cable Communications, as amended.

1.31 *Transfer of the Franchise*:

1.31.1 Any transaction in which:

1.31.1.1 a fifty percent ownership or other interest in Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Franchisee is transferred; or

1.31.1.2 the rights held by Franchisee under the Franchise and the certificate of confirmation issued therefor by the NY PSC are transferred or assigned to another Person or group of Persons.

1.31.2 However, notwithstanding Sub-subsections 1.34.1.1 and 1.34.1.2 above, a *Transfer of the Franchise* shall not include transfer of an ownership or other interest in Franchisee to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee.

1.32 *Video Programming*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(20), as amended.

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

2.1 *Grant of Authority*: Subject to the terms and conditions of this Agreement and the Cable Law, the LFA hereby grants the Franchisee the right to own, construct, operate and maintain a Cable System along the Public Rights-of-Way within the Franchise Area, in order to provide Cable Service. No privilege or power of eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement.

2.2 *The FTTP Network*: Upon delivery of Cable Service, by subjecting Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the LFA's police power, the LFA has not been granted broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities.

2.3 *Effective Date and Term*: This Franchise shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following its approval by the LFA's governing authority authorized to grant franchises and its acceptance by the Franchisee. The term of this Franchise shall be fifteen (15) years from the Effective Date unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the LFA in writing of the same, which notification shall become a part of this Franchise.

2.4 *Grant Not Exclusive*: The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the LFA reserves the right to grant other franchises for similar uses or for other uses of the Public Rights-of-Way, or any portions thereof, to any Person, or to make any such use itself, at any time during the term of this Franchise. Any such rights which are granted shall not adversely impact the authority as granted under this Franchise and shall not interfere with existing facilities of the Cable System or Franchisee's FTTP Network.

2.5 *Franchise Subject to Federal Law*: Notwithstanding any provision to the contrary herein, this Franchise is subject to and shall be governed by all applicable provisions of federal law as it may be amended, including but not limited to the Communications Act.

2.6 *No Waiver:*

2.6.1 The failure of the LFA on one or more occasions to exercise a right under this Franchise, the Cable Law or other applicable state or federal law, or to require compliance or performance under this Franchise, shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance of this Agreement, nor shall it excuse Franchisee from compliance or performance, unless such right or such compliance or performance has been specifically waived in writing.

2.6.2 The failure of the Franchisee on one or more occasions to exercise a right under this Franchise, the Cable Law or other applicable state or federal law, or to require performance under this Franchise, shall not be deemed to constitute a waiver of such right or a waiver of performance of this Agreement, nor shall it excuse the LFA from performance, unless such right or such performance has been specifically waived in writing.

2.7 *Construction of Agreement:*

2.7.1 The provisions of this Franchise shall be liberally construed to effectuate their objectives.

2.7.2 Nothing herein shall be construed to limit the scope or applicability of Section 625 of the Communications Act, 47 U.S.C. § 545, as amended.

2.7.3 Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Franchisee may terminate this Agreement without further obligation to the LFA or, at Franchisee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

2.8 *Police Powers:* The LFA shall not enact any local laws that are inconsistent with this Franchise, provided, however, that nothing in this Franchise shall be construed to prohibit the reasonable, necessary and lawful exercise of the police powers of the LFA in a manner not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders.

2.9 *Restoration of Municipal Property:* Any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to pre-existing condition.

2.10 *Restoration of Subscriber Premises:* Franchisee shall ensure that Subscriber premises are restored to pre-existing condition if damaged by the Franchisee's

employees or agents in any respect in connection with the installation, repair, or disconnection of Cable Service.

3. PROVISION OF CABLE SERVICE

3.1 *Service Area:*

3.1.1 *Service Area:* Subject to the issuance of all necessary permits by the LFA, Franchisee shall offer Cable Service to significant numbers of Subscribers within residential areas of the Service Area and may make Cable Service available to businesses in the Service Area, within twelve (12) months and shall offer Cable Service to all residential areas of the Service Area within five (5) years, of the Effective Date of this Franchise, or, in both instances, such longer period as may be permitted by the Cable Law, except, in accordance with NY PSC rules and regulations: (A) for periods of Force Majeure; (B) for periods of delay caused by the LFA; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where Franchisee cannot gain access after good faith efforts; (F) in areas, developments or buildings where the provision of Cable Service is economically infeasible because such provision requires nonstandard facilities which are not available on a commercially reasonable basis; and (G) in areas where the occupied residential household density does not meet the density and other requirements set forth in Sub-Subsection 3.1.1.1. and Section 3.2.

3.1.1.1 *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than twenty-five (25) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsection 3.1.1 respectively, Franchisee shall provide Cable Service to such area within twelve (12) months of receiving notice from the LFA that the density requirements have been met.

3.2 *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1, and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within one hundred fifty (150) feet of aerial trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) feet or are in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile and the actual costs incurred to connect any non-residential dwelling unit Subscriber, provided, however, that Franchisee may seek a waiver of any requirement that it extend service to any party requesting the same in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile if such would not be possible within the limitations of economic

feasibility. For underground installations, Franchisee shall charge the Subscriber Franchisee's actual cost. Such cost shall be submitted to said Subscriber, in writing, before installation is begun.

3.3 *Cable Service to Public Buildings:* Subject to Section 3.1, Franchisee shall provide, without charge within the Service Area, one service outlet activated for Basic Service to each public school and public library, and such other buildings used for municipal purposes as may be designated by the LFA as provided in Exhibit A attached hereto; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than five hundred (500) feet solely to provide service to any such school or public building, the LFA shall have the option either of paying Franchisee's direct costs for such extension in excess of five hundred (500) feet, or of releasing Franchisee from the obligation to provide service to such school or public building. Furthermore, Franchisee shall be permitted to recover, from any school or public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet, or concealed inside wiring, or a service outlet requiring more than five hundred (500) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed. For underground installations, Franchisee shall charge the Subscriber Franchisee's actual cost. Such cost shall be submitted to said Subscriber, in writing, before installation is begun. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen or damaged.

3.3.1 The LFA has elected to receive the monetary grant provided in Section 5.2.3 in lieu of and in satisfaction for the obligation to provide a service outlet and free cable service to certain public buildings.

3.4 *Contribution in Aid:* Notwithstanding the foregoing, Franchisee shall comply at all times, with the requirements of Section 895.5 of NY PSC rules and regulations.

4. SYSTEM FACILITIES

4.1 *Quality of Materials and Work:* Franchisee shall construct and maintain its System using materials of good and durable quality, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner.

4.2 *System Characteristics:* During the term hereof Franchisee's Cable System shall meet or exceed the following requirements:

4.2.1 The System shall be designed and operated with an initial analog and digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

4.2.2 The System shall be designed to be an active two-way plant for subscriber interaction, if any, required for the selection or use of Cable Service.

4.3 *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area. Interconnection of systems may be made by direct cable connection, microwave link, satellite, or other appropriate methods.

4.4 *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System (“EAS”) requirements of the FCC and the State of New York, including the NY PSC’s rules and regulations and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

5. PEG SERVICES

5.1 *PEG Set Aside:*

5.1.1 In order to ensure universal availability of public, educational and government programming, Franchisee shall provide capacity on its Basic Service tier for up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, “PEG Channels”).

5.1.2 The programming to be carried on each of the PEG Channels set aside by Franchisee is reflected in **Exhibit C** attached hereto. The LFA hereby authorizes Franchisee to transmit such programming within and without LFA jurisdictional boundaries. Franchisee specifically reserves the right to make or change channel assignments in its sole discretion. If a PEG Channel provided under this Article is not being utilized by the LFA, Franchisee may utilize such PEG Channel, in its sole discretion, until such time as the LFA elects to utilize the PEG Channel for its intended purpose. In the event that the LFA determines to use PEG capacity, the LFA shall provide Franchisee with prior written notice of such request in accordance with NY PSC rules and regulations.

5.1.3 Franchisee shall provide the technical ability to play back pre-recorded programming provided to Franchisee consistent with this Section. Franchisee shall transmit programming consistent with the dedicated uses of PEG Access Channels. Franchisee shall comply at all times with the requirements of Section 895.4 of the NY PSC rules and regulations.

5.2 *PEG Grant and Franchise Grant:*

5.2.1 Franchisee shall provide to the LFA for use in support of the production of local PEG programming a PEG grant (the “PEG Grant”) in the amount of ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500) payable within ninety (90) days after the Effective Date. Such PEG Grant shall be used solely by the LFA for PEG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG access facilities.

5.2.2 The LFA shall provide Franchisee with a complete accounting of the distribution of funds granted pursuant to Subsection 5.2.1.

5.2.3 In lieu of and in satisfaction for the obligation to provide a service outlet and free cable service to certain public buildings, Franchisee shall pay the LFA a Franchise Grant in the total amount of ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500) payable within ninety (90) days after the Effective Date.

5.3 *Indemnity for PEG:* The LFA shall require all local producers and users of any of the PEG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement and to defend and hold harmless Franchisee and the LFA from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or Channel. The LFA shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. §531.

5.4 *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the PEG Grant, other costs arising from the provision of PEG services from Subscribers and the Franchise Grant and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the foregoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection and any franchise-related costs to Subscribers.

6. FRANCHISE FEES

6.1 *Payment to LFA:* Franchisee shall pay to the LFA a Franchise Fee of five percent (5%) of annual Gross Revenue (the "Franchise Fee"). In accordance with Title VI, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

6.2 *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report prepared by a representative of Franchisee showing the basis for the computation.

6.3 *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due, but cannot exceed the date of records retention reflected in Article 7.

6.4 *Bundled Services:* If Cable Services subject to the Franchise Fee required under this Article 6 are provided to Subscribers in conjunction with Non-Cable Services, the

Franchise Fee shall be applied only to the value of the Cable Services, as reflected on the books and records of Franchisee in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders.

7. REPORTS AND RECORDS

7.1 *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFA shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by Franchisee as confidential and shall only disclose it to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

7.2 Records Required: Franchisee shall at all times maintain:

7.2.1 Records of all written complaints for a period of six (6) years after receipt by Franchisee. The term "complaint" as used herein refers to complaints about any aspect of the Cable System or Franchisee's cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

7.2.2 Records of outages for a period of six (6) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

7.2.3 Records of service calls for repair and maintenance for a period of six (6) years after resolution by Franchisee, indicating the date and time service was required, the date of acknowledgment and date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was resolved;

7.2.4 Records of installation/reconnection and requests for service extension for a period of six (6) years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended; and

7.2.5 A map showing the area of coverage for the provisioning of Cable Services and estimated timetable to commence providing Cable Service.

7.3 *System-Wide Statistics:* Any valid reporting requirement in the Franchise may be satisfied with system-wide statistics, except those related to Franchise Fees and consumer complaints.

8. INSURANCE AND INDEMNIFICATION

8.1 *Insurance:*

8.1.1 Franchisee shall maintain in full force and effect, at its own cost and expense, during the Franchise Term, the following insurance coverage:

8.1.1.1 Commercial General Liability Insurance in the amount of one million dollars (\$1,000,000) combined single limit for property damage and bodily injury. Such insurance shall cover the construction, operation and maintenance of the Cable System, and the conduct of Franchisee's Cable Service business in the LFA.

8.1.1.2 Automobile Liability Insurance in the amount of one million dollars (\$1,000,000) combined single limit for bodily injury and property damage coverage.

8.1.1.3 Workers' Compensation Insurance meeting all legal requirements of the State of New York.

8.1.1.4 Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$100,000; and (B) Bodily Injury by Disease: \$100,000 employee limit; \$500,000 policy limit.

8.1.1.5 Excess liability or umbrella coverage of not less than ten million dollars (\$10,000,000).

8.1.2 The LFA shall be designated as an additional insured under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance, Employer's Liability Insurance, and excess liability or umbrella coverage.

8.1.3 Each of the required insurance policies shall be noncancellable except upon thirty (30) days prior written notice to the LFA. Franchisee shall not cancel any required insurance policy without submitting documentation to the LFA verifying that the Franchisee has obtained alternative insurance in conformance with this Agreement.

8.1.4 Each of the required insurance policies shall be with sureties qualified to do business in the State of New York, with an A- or better rating for financial condition and financial performance by Best's Key Rating Guide, Property/Casualty Edition.

8.1.5 Upon written request, Franchisee shall deliver to the LFA Certificates of Insurance showing evidence of the required coverage.

8.2 *Indemnification:*

8.2.1 Franchisee agrees to indemnify the LFA for, and hold it harmless from, all liability, damage, cost or expense arising from claims of injury to persons or damage to property occasioned by reason of any conduct undertaken pursuant to the Franchise, or by reason of any suit or claim for royalties, programming license fees or infringement of patent rights arising out of Franchisee's provision of Cable Services over the Cable System other than PEG facilities and Channels, provided that the LFA shall give Franchisee written notice of the LFA's request for indemnification within ten (10) days of receipt of a claim or action pursuant to this Subsection. Notwithstanding the foregoing, Franchisee shall not indemnify the LFA for any damages, liability or claims resulting from the willful misconduct or negligence of the LFA, its officers, agents, employees, attorneys, consultants, independent contractors or third parties or for any activity or function conducted by any Person other than Franchisee in connection with PEG Access or EAS.

8.2.2 With respect to Franchisee's indemnity obligations set forth in Subsection 8.2.1, Franchisee shall provide the defense of any claims brought against the LFA by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the LFA, which shall not be unreasonably withheld. Nothing herein shall be deemed to prevent the LFA from cooperating with the Franchisee and participating in the defense of any litigation by its own counsel at its own cost and expense, provided however, that after consultation with the LFA, Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such proposed settlement includes the release of the LFA and the LFA does not consent to the terms of any such settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify the LFA shall in no event exceed the amount of such settlement.

8.2.3 The LFA shall hold harmless and defend Franchisee from and against and shall be responsible for damages, liability or claims resulting from or arising out of the willful misconduct or negligence of the LFA.

8.2.4 The LFA shall be responsible for its own acts of willful misconduct, negligence, or breach, subject to any and all defenses and limitations of liability provided by law. The Franchisee shall not be required to indemnify the LFA for acts of the LFA which constitute willful misconduct or negligence on the part of the LFA, its officers, employees, agents, attorneys, consultants, independent contractors or third parties.

9. **TRANSFER OF FRANCHISE**

9.1 *Transfer:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, as amended, no Transfer of the Franchise shall occur without the prior consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned. In considering an application for the Transfer of the Franchise, the LFA may consider the applicant's: (i) technical ability; (ii) financial ability; (iii) good character; and (iv) other qualifications necessary to continue to operate the Cable System consistent with the terms of the Franchise. No such consent shall be required, however, for a transfer in trust, by mortgage, by

other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.31 above.

10. RENEWAL OF FRANCHISE

10.1 *Governing Law:* The LFA and Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 12.11 below, the Cable Law and Section 626 of the Communications Act, 47 U.S.C. § 546, as amended.

10.2 *Needs Assessment:* In addition to the procedures set forth in Section 626 of the Communications Act, the LFA shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Franchisee under the then current Franchise term. Such assessments shall be provided to Franchisee by the LFA promptly so that Franchisee will have adequate time to submit a proposal under 47 U.S.C. § 546 and complete renewal of the Franchise prior to expiration of its term.

10.3 *Informal Negotiations:* Notwithstanding anything to the contrary set forth herein, Franchisee and the LFA agree that at any time during the term of the then current Franchise, while affording the public appropriate notice and opportunity to comment, the LFA and Franchisee may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise and the LFA may grant a renewal thereof.

10.4 *Consistent Terms:* Franchisee and the LFA consider the terms set forth in this Article 10 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

11. ENFORCEMENT AND TERMINATION OF FRANCHISE

11.1 *Notice of Violation:* If at any time the LFA believes that Franchisee has not complied with the terms of the Franchise, the LFA shall informally discuss the matter with Franchisee. If these discussions do not lead to resolution of the problem in a reasonable time, the LFA shall then notify Franchisee in writing of the exact nature of the alleged noncompliance in a reasonable time (for purposes of this Article, the “Noncompliance Notice”).

11.2 *Franchisee’s Right to Cure or Respond:* Franchisee shall have sixty (60) days from receipt of the Noncompliance Notice to: (i) respond to the LFA, if Franchisee contests (in whole or in part) the assertion of noncompliance; (ii) cure such noncompliance; or (iii) in the event that, by its nature, such noncompliance cannot be cured within such sixty (60) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the date by which Franchisee projects that it will complete cure of such noncompliance. Upon cure of any noncompliance, the LFA shall provide written confirmation that such cure has been effected.

11.3 *Public Hearing:* The LFA shall schedule a public hearing if the LFA seeks to continue its investigation into the alleged noncompliance (i) if Franchisee fails to

respond to the Noncompliance Notice pursuant to the procedures required by this Article, or (ii) if Franchisee has not remedied the alleged noncompliance within sixty (60) days or the date projected pursuant to Section 11.2(iii) above. The LFA shall provide Franchisee at least sixty (60) business days prior written notice of such public hearing, which will specify the time, place and purpose of such public hearing, and provide Franchisee the opportunity to be heard.

11.4 *Enforcement:* Subject to Section 12.11 below and applicable federal and state law, in the event the LFA, after the public hearing set forth in Section 11.3, determines that Franchisee is in default of any provision of this Franchise, the LFA may:

11.4.1 Seek specific performance of any provision, which reasonably lends itself to such remedy, as an alternative to damages; or

11.4.2 Commence an action at law for monetary damages or seek other equitable relief; or

11.4.3 In the case of a substantial noncompliance with a material provision of this Franchise, seek to revoke the Franchise in accordance with Section 11.5.

11.5 *Revocation:* Should the LFA seek to revoke this Franchise after following the procedures set forth above in this Article, including the public hearing described in Section 11.3, the LFA shall give written notice to Franchisee of such intent. The notice shall set forth the specific nature of the noncompliance. The Franchisee shall have ninety (90) days from receipt of such notice to object in writing and to state its reasons for such objection. In the event the LFA has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a second public hearing. The LFA shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

11.5.1 At the designated public hearing, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of the LFA, to compel the testimony of other persons as permitted by law, and to question and/or cross examine witnesses. A complete verbatim record and transcript shall be made of such hearing.

11.5.2 Following the second public hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to the LFA in writing and thereafter the LFA shall determine (i) whether an event of default has occurred under this Franchise; (ii) whether such event of default is excusable; and (iii) whether such event of default has been cured or will be cured by the Franchisee. The LFA shall also determine whether it will revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the LFA determines that it will revoke the Franchise, the LFA shall promptly provide Franchisee with a written determination setting forth the LFA's reasoning for such revocation. Franchisee may appeal such written determination of the LFA to an appropriate court, which shall have the power to review the decision of the LFA *de novo*.

Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the written determination of the LFA.

11.5.3 The LFA may, at its sole discretion, take any lawful action that it deems appropriate to enforce the LFA's rights under the Franchise in lieu of revocation of the Franchise.

11.6 *Abandonment of Service*: Franchisee shall not abandon any Cable Service or portion thereof without the LFA's prior written consent as provided in the Cable Law.

12. MISCELLANEOUS PROVISIONS

12.1 *Actions of Parties*: In any action by the LFA or Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld, delayed or conditioned.

12.2 *Binding Acceptance*: This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns, and the promises and obligations herein shall survive the expiration date hereof.

12.3 *Preemption*: In the event that federal or state law, rules, or regulations preempt a provision or limit the enforceability of a provision of this Agreement, the provision shall be read to be preempted to the extent, and for the time, but only to the extent and for the time, required by law. In the event such federal or state law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of the LFA.

12.4 *Force Majeure*: Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure.

12.4.1 Furthermore, the parties hereby agree that it is not the LFA's intention to subject Franchisee to penalties, fines, forfeitures or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers, or where strict performance would result in practical difficulties and hardship being placed upon Franchisee that outweigh the benefit to be derived by the LFA and/or Subscribers.

12.5 *Notices*: Unless otherwise expressly stated herein, notices required under the Franchise shall be mailed first class, postage prepaid, to the addressees below. Each party may change its designee by providing written notice to the other party.

12.5.1 Notices to Franchisee shall be mailed to:

Verizon New York Inc.
Jack White, Senior Vice President and General Counsel
Verizon Telecom
One Verizon Way
Room VC43E010
Basking Ridge, NJ 07920-1097

12.5.2 Notices to the LFA shall be mailed to:

Village Clerk-Treasurer
Village of Hillburn
31 Mountain Avenue
Hillburn, NY 10931

12.5.3 with a copy to:

Mayor
Village of Hillburn
31 Mountain Avenue
Hillburn, NY 10931

12.6 *Entire Agreement*: This Franchise and the Exhibits hereto constitute the entire agreement between Franchisee and the LFA and they supersede all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

12.7 *Amendments and Modifications*: Amendments and/or modifications to this Franchise shall be mutually agreed to in writing by the parties and subject to the approval of the NY PSC, pursuant to the Cable Law.

12.8 *Captions*: The captions and headings of articles and sections throughout this Agreement are intended solely to facilitate reading and reference to the articles, sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

12.9 *Severability*: If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other section, subsection, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect for the term of the Franchise.

12.10 *Recitals*: The recitals set forth in this Agreement are incorporated into the body of this Agreement as if they had been originally set forth herein.

12.11 *FTTP Network Transfer Prohibition*: Under no circumstance including, without limitation, upon expiration, revocation, termination, denial of renewal of the Franchise or any other action to forbid or disallow Franchisee from providing Cable Services, shall Franchisee or its assignees be required to sell any right, title, interest, use or control of any portion of Franchisee's FTTP Network including, without limitation, the Cable System and any capacity used for Cable Service or otherwise, to the LFA or any third party. Franchisee shall not be required to remove the FTTP Network or to relocate the FTTP Network or any portion thereof as a result of revocation, expiration, termination, denial of renewal or any other action to forbid or disallow Franchisee from providing Cable Services. This provision is not intended to contravene leased access requirements under Title VI or PEG requirements set out in this Agreement.

12.12 *NY PSC Approval*: This Franchise is subject to the approval of the NY PSC. Franchisee shall file an application for such approval with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

12.13 *Rates and Charges*: The rates and charges for Cable Service provided pursuant to this Franchise shall be subject to regulation in accordance with federal law.

12.14 *Publishing Information*: LFA hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

12.15 *Employment Practices*: Franchisee will not refuse to hire, nor will it bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions, or privileges of employment because of age, race, creed, color, national origin, or sex.

12.16 *Customer Service*: Franchisee shall comply with the consumer protection and customer service standards set forth in Parts 890 and 896 of the NY PSC rules and regulations.

12.17 *Performance Review*: The LFA may, at its discretion but not more than once per three (3) year period, hold an informal performance evaluation session (the "Performance Review") to review Franchisee's compliance with the terms and conditions of this Franchise. The LFA shall provide Franchisee with at least thirty (30) days prior written notice of the Performance Review to be held at a mutually agreeable time. Franchisee shall have the opportunity to participate in and be heard at the Performance Review. Franchisee shall not be required to disclose any confidential or proprietary information at any Performance Review held in a public forum. To the extent Franchisee identifies any information addressed at a Performance Review as confidential or proprietary, Franchisee shall cooperate with the LFA to arrange a meeting with designated LFA representatives in an informal non-public forum to review any such confidential or proprietary information to the extent necessary to effectuate the objectives of this Section 12.17; provided, however, that the information disclosed to the LFA by the Franchisee at any such informal non-public meeting shall be treated by the LFA as

confidential. Within thirty (30) days after the conclusion of the Performance Review, the LFA shall provide Franchisee written documentation (the "Performance Review Report") setting forth its determinations regarding Franchisee's compliance with the terms and conditions of this Franchise. The Performance Review Report shall not contain any confidential information disclosed by the Franchisee in connection with the Performance Review.

12.18 *No Third Party Beneficiaries:* Except as expressly provided in this Agreement, this Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

12.19 *LFA Official:* The Mayor of the LFA is the LFA official that is responsible for the continuing administration of this Agreement.

12.20 *No Waiver of LFA's Rights:* Notwithstanding anything to the contrary in this Agreement, no provision of this Agreement shall be construed as a waiver of the LFA's rights under applicable federal and state law.

AGREED TO THIS ____ DAY OF _____, 2007.

LFA:

VILLAGE OF HILLBURN

By: _____
Brian L. Miele
Mayor

Verizon New York Inc.

By: _____
Joseph A. DeMauro
Vice President
Capital Market Area

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Facility	Address	City	State	Zip
Hillburn Village Hall	31 Mountain Avenue	Hillburn	NY	10931
Hillburn Fire Department	37 5 th Street	Hillburn	NY	10931
Hillburn Youth Center	77 5 th Street	Hillburn	NY	10931

EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. A map of the Service Area is attached hereto.

The construction of the Franchisee's FTTP Network has been completed to approximately 98% of the current households in the Franchise Area. At present, Franchisee's anticipated schedule calls for 98% deployment by February 2008, 99% deployment by August 2008, 99% deployment by February 2009, 99% deployment by August 2009, 99% deployment by February 2010, 99% deployment by August 2010, 99% deployment by February 2011, 99% deployment by August 2011, 99% deployment by February 2012, and 100% deployment by August 2012. This schedule is subject to further review and modification by the Franchisee consistent with Section 895.5(b)(1) of the NY PSC rules and regulations; provided, however, that Franchisee shall provide notice to the LFA and the NY PSC of any material change in this schedule..

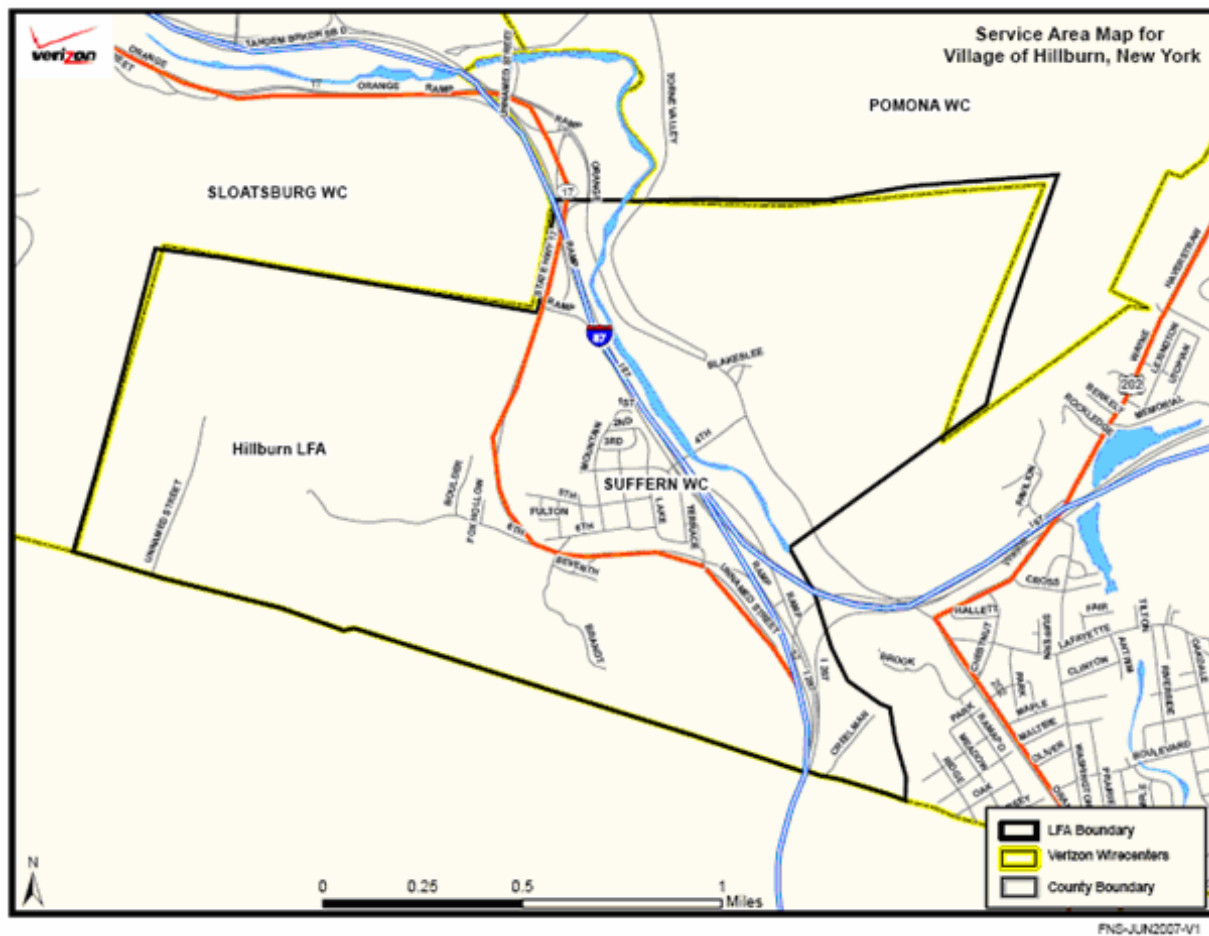


EXHIBIT C

PEG CHANNELS

At this time, the LFA has not requested any PEG Access Channels

Tab 4



Monica F. Azare
Senior Vice President
State Public Policy and Government Affairs – NY/CT

140 West Street, 30th Floor
New York, NY 10007

Phone 212 321-8140
Fax 212 791-0526
monica.f.azare@verizon.com

August 17, 2007

The Honorable Brian L. Miele
Village of Hillburn
31 Mountain Avenue
Hillburn, NY 10931

Dear Mayor Smith:

Verizon is looking forward to the public hearing on August 22 in the Village of Hillburn to consider approval of Verizon's video franchise application. It is a step in a comprehensive review process that will open the door to cable choice and advanced video technology for the residents of Hillburn.

I respect and thank you and those who negotiated on behalf of the village for your determined efforts in reaching this high point in the franchise process. The results are commendable. Together, we have crafted a franchise agreement that is fair and equitable, competitively neutral, and consistent with Public Service Commission rulings as well as all state and federal laws and regulations.

As you prepare for the upcoming hearing, please know that Verizon is committed to meeting the needs of the community and, more importantly, to delivering a competitive, next-generation cable technology and entertainment platform to the residents of Hillburn. I trust that the franchising team has answered all of your questions. Please feel free to contact me at the number above if there is additional information that you need.

I have enclosed information outlining the extraordinary benefits of Verizon FiOS TV - the service that awaits the approval of you and your Board.

Again, thank you for your commitment to bringing cable choice and a new video technology to the Village of Hillburn.

Sincerely,

A handwritten signature in black ink, appearing to read "MAZARE", written over the printed name Monica Azare.

Monica Azare

cc: The Honorable Craig M. Flanagan, Trustee
The Honorable Bernard Jackson, Trustee

Verizon FiOS TV

Village of Hillburn, NY



The Village of Hillburn Can Advance New York's Broadband Revolution.

Favorable action on Verizon's proposed cable franchise agreement positions Hillburn to be among the first group of communities in New York to open the doors to the robust competition underway in New York's television and video marketplace.

A win for the community -- *and* its residents.

Benefits to the community: The competitive cable TV franchise agreement under consideration will deliver:

- **Homebuyers who actively seek out Hillburn** – Fiber to the home has become an important criterion to customers in the housing market. In communities where Verizon has deployed its fiber optic network, homebuyers favor properties served by it.
- **Competitive Consumer Prices** – Cable rates increase less in places where cable operators face real wireline competition.
 - According to the FCC, rates for basic and expanded basic cable TV service rose by about 5% in 2005, to \$43. Those rates are up 93% over the past decade.
 - The remedy? Competition! The FCC's December 2006 report shows that in areas where there is land-based competition like Verizon FiOS TV, prices are 17% below average.
 - And in areas where Verizon is offering FiOS TV, Cablevision has offered freebies, like free DVR service or free HBO, and steep discounts to keep customers from disconnecting. And they're offering new customers the triple play bundle for \$89.95 monthly with a one year contract. It's amazing what a little competition can do for consumers!

The Village of Hillburn is among the first.

Deployment Commitment: Hillburn is among the first communities in New York to benefit from Verizon's fiber-to-the-premises (FTTP) initiative. Today, this network offers Hillburn the largest ever voice, data, and video pipeline into the home, resulting in clearer, more reliable voice connections and lightning-fast Internet connections - far faster than the most powerful cable modem connections.

Personnel and Resource Commitment: Verizon has hired new full-time employees and contractors to deliver fiber to the home in the area.

Quality Commitment: Verizon is delivering the best video offering on the market to downstate New York – and intends to do the same for the residents of Hillburn.

Broadband. The Village of Hillburn has a lot riding on it.



More Choices. Right Before Your Eyes.

Top 10 Reasons Why New Yorkers Want FiOS TV

- 10 It's affordable.** FiOS TV is priced to compete. And that's important. The FCC has found that cable television rates have increased 93 percent over the last decade.
- 9 It's state-of-the-art.** Verizon's programming rides over an all-digital fiber-optic network to the home – with the fastest connections available in the industry.
- 8 It's in demand.** FiOS TV was available to about 2.4 million homes at the end of 2006, and the company expects to attract 3-4 million customers by 2010.
- 7 It comes with other great services.** Customers in parts of our service territory are surfing the web at up to 50 Mbps using FiOS Internet Service. Customers also tell us that phone calls placed over our FiOS fiber optic network are clearer than ever.
- 6 It's future proof.** The network has enough capacity for the most demanding consumers today and plenty more for applications still on the drawing board.
- 5 Lots of HDTV.** There's nearly unlimited high-definition channel capacity on the FiOS TV network. FiOS TV customers today have access to twice as many HD channels as many cable providers.
- 4 It's diverse.** FiOS TV offers one of the most diverse and exciting multicultural channel lineups in the industry.
- 3 Lots of channels.** Verizon's channel lineup offers more than 400 total channels, with more on the way.
- 2 It's better.** Our analog and digital television signals travel over a pipeline far more robust than cable's. Cablevision and other providers must add voice and data service to their pipeline too, leading to a tradeoff between Internet speeds or enhancing cable TV service.
- 1 It's from Verizon.** We offer the most advanced and reliable network in the country along with a legacy of providing outstanding service in New York for more than a century.

Competition Works!

You get to choose which company to use for your wireline or wireless phone service. You get to choose your Internet Service Provider. You should have the same freedom of choice for cable TV. It's choice and competition that benefit you the most.

When a true wireline television competitor challenges cable, prices for basic and expanded basic cable TV service are 17% below average. (Source: FCC Report on Cable Industry Prices, Dec 2006)

Delaying video entry by one year would cost New Yorkers \$458 million in lost consumer savings from video services alone, and these losses increase with each year of delay. (Source: Phoenix Center Policy Bulletin No. 13, Jan 2006)

Incumbent cable companies have responded with service price cuts of 28 - 42% in some areas where FiOS TV is available. (Source: Bank of America Equity Research: Consumer Wireline Services Pricing, Jan 2006)

Support change. Let's bring true cable TV competition to New York now – not years from now. Let your voice be heard. Urge your local elected officials to vote "YES" in favor of TV choice and competition!

For more information, visit:
www.verizon.com/ny



verizon

Power to the people who have fiber-optic TV!

Verizon FiOS TV takes entertainment to a level you never imagined.

More Value

FiOS TV is all about simple packages and competitive prices. FiOS TV Premier delivers an unmatched lineup with more than 200 channels of television and music entertainment. It's an even better value when bundled with our FiOS Internet Service.*

A Superior Network

Our 100% fiber optic network delivers an all digital experience with better picture and sound quality, more choices and more control. The FiOS network has far more capacity than cable's and is less vulnerable to weather outages and electrical interference - advantages that add up to a vast new dimension of bandwidth, speed and power.

On Demand

With FiOS TV, you have instant access to a library of approximately 8,600 of the latest titles; blockbuster movies, kids' shows, sporting events and much more, all at a touch of a button.

HDTV

FiOS TV offers more than two dozen high definition channels, with all of your favorite channels like ESPN, Discovery, HD Net and more!

More Control

Parental Controls allow you to block access to shows either by channel, rating or category. You can also selectively block Pay Per View and On Demand purchases, and choose to show or hide programs from the TV Listings. And these easy to use features come at no additional charge to digital service customers.

Dual-tuner, Home Media DVRs, and FiOS TV Widgets

FiOS TV gives you the freedom to pause and rewind live TV, record one show while watching another - and fast forward to your favorite part - all without a VCR, tapes or DVDs. And our Home Media DVR allows you to view recorded programs from any room in the house with a television and set-top box and easily access photos and music from your personal computer and play them on your entertainment center. FiOS TV Widgets gives you local weather and traffic on your TV screen at the touch of a button, without interrupting what you're watching.

Global Reach

FiOS TV's multicultural lineup is unmatched in the industry. Whether you choose our Spanish language tier, La Conexión, or any of the popular international premium channels, you stay connected to the world.

More channels. More choices. Verizon FiOS TV.

* Programming and prices are subject to change. Applicable franchise fees, regulatory fees and taxes apply. Other terms and conditions apply.

PAY PER VIEW

701 Events
702-707 ESPN/CAA Sports/ GamePlan/Full Court

LOCAL PLUS

860 NBC Weather Plus
861 The Tube Music Network
864 WNBC 4.4
866 WRNN-Rice
870 WLW 21
871 WLW Create
872 13 Kids
873 WLW World

GOVERNMENT/EDUCATION/GOVERNMENT

Hardy/Greenburg/Irvington/ Barrytown
32 Government Access Channel
34 Public Access Channel 1
35 Government Access Channel 2
Dobbs Ferry
46 Government Access Channel
47 Educational Access Channel
Eastchester
40 Eastchester Town Gov. Access 1
Emsford
30 Public Access
Lynbrook
32 Lynbrook Education
33 Lynbrook Government 1
34 Lynbrook Government 2
Mineola
40 Mineola Education & Government Access
Port Chester
42 Public Access/Local Programming
43 Government Access
44 Educational Access
Smithtown
27 Smithtown Government

FIOS TV LOCAL

2 CBS — WCBS-TV 2
4 NBC — WNBC-TV 4
5 FOX — WNYW-TV 5
6 WRNN-TV 62
7 ABC — WABC-TV 7
8 Superstation — WGN-TV
9 My WWOR-TV 9
10 WLNY-TV 55
11 CW — WPX-TV 11
12 Telemundo — WNLJ-TV 47
13 PBS — WNET-TV 13
17 WFTY-TV 67
18 WMBC-TV 63
21 PBS — WLW-TV 21
23 PBS — WNLN-TV 50
25 NYC-TV
27 Local Programming
29 PBS — WNET-TV 66
30 Local Programming
31 ION-TV 31
32-35 Local Programming
37 Public Access
38 Public Access
40 Local Programming
41 Undivision — WXTV-TV 41
42-44 Local Programming
46 Local Programming
47 Local Programming
48 TV Guide
49 WeatherScan Local

Pop Culture

160 Sci-Fi Channel
161 A&E
162 Crime & Investigation Network
163 Court TV
164 GSN
165 Bravo
166 Sleuth
167 Logo
168 Ovation
169 BBC America
170 Comedy Central
171 G4
176 E! Entertainment Television
177 Fox Reality
178 Fuel
179 ABC Family

FIOS TV PREMIER

Entertainment
50 USA Network
51 TNT
52 TBS
53 FX
54 Spike TV
Sports
60 ESPN
61 ESPN Classic Sports
62 ESPN News
63 ESPN
64 ESPN 2
66 YES
67 SportsNet NY
68 MSG
69 Fox Sports Net NY
71 Speed Channel
72 NFL Network
75 VERSUS
76 Fox Soccer Channel

Music

180 MTV
181 MTV2
183 MTV Jams
184 MTV Hits
185 IMF (International Music Feed)
186 FUSE
187 VH1
188 VH1 Classic
189 VH1 Soul
190 BET Jazz
191 CMT
192 CMT Pure Country
193 Great American Country
194 Gospel Music Channel
195 BET Gospel
199 Soundtrack Channel

FIOS TV PREMIER

Shopping
130 QVC
131 HSN
135 Jewelry
137 Shop NBC
Home & Leisure
140 Style
141 Discovery Health
143 Fit TV
144 Food Network
145 HGTV (Home & Garden Television)
146 Fine Living
147 DIY (Do It Yourself)
148 Discovery Home
149 Wealth TV
150 Travel Channel

Movies

200 Turner Classic Movies
201 AMC
202 Fox Movie Channel
Family
210 Hallmark Channel (East)
212 Family Net
213 AmericanLife TV
214 TV Land
Children
220 Disney
221 Toon Disney
222 Nickelodeon
223 Nick Too
224 Nick Toons
225 G4S
226 Noggin
227 Cartoon Network (ESP)*
228 Boomerang (ESP)*
229 Discovery Kids
230 Varsity
231 FUNimation
232 PBS KIDS Sprout

FIOS TV LOCAL

80 CNN
81 CNN Headline News
82 Fox News
83 CNBC
85 Bloomberg TV
86 CNN International
87 CNBC World
88 ABC News Now
89 C-SPAN
90 C-SPAN 2
91 C-SPAN 3
92 BBC World
99 The Weather Channel
100 Discovery Channel
101 National Geographic Channel
102 Science Channel
103 Discovery Times
104 Pentagon Channel
105 Military Channel
106 Military History Channel
107 History Channel International
108 History Channel
109 Biography Channel
110 Animal Planet
111 TV Info
119 TLC (The Learning Channel)
Women
120 Lifetime
121 Lifetime Movie Network
122 Lifetime Real Women
123 SoapNet
124 Oxygen
129 Women's Entertainment
Shopping
130 QVC
131 HSN
135 Jewelry
137 Shop NBC
Home & Leisure
140 Style
141 Discovery Health
143 Fit TV
144 Food Network
145 HGTV (Home & Garden Television)
146 Fine Living
147 DIY (Do It Yourself)
148 Discovery Home
149 Wealth TV
150 Travel Channel

Music

180 MTV
181 MTV2
183 MTV Jams
184 MTV Hits
185 IMF (International Music Feed)
186 FUSE
187 VH1
188 VH1 Classic
189 VH1 Soul
190 BET Jazz
191 CMT
192 CMT Pure Country
193 Great American Country
194 Gospel Music Channel
195 BET Gospel
199 Soundtrack Channel



FIOS TV is frequently changing its channel offerings. To view our latest published channel lineup, please visit verizonfios.com/tv.

☐ FIOS TV Local
 ☐ Arts & Entertainment
 ☐ Sports
 ☐ News & Information
 ☐ Lifestyle

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Pay Per View
 ☐ HD
 ☐ Local Plus
 ☐ VOD
 ☐ Local Public/Education/Government

FOX TV PREMIER (Continued)

People & Culture

- 240 BET
- 241 TV One
- 243 MTV Tr3s
- 244 Galavisión
- 245 MTV2
- 246 SI TV
- 247 AZN Television
- 248 Bridges TV

Religion

- 260 EWTN
- 261 INSP
- 262 iLife
- 263 Church
- 264 JCTV
- 265 BYU
- 266 Three Angels
- 267 The Word Network
- 268 Daystar
- 269 Smile of a Child
- 270 Trinity Broadcast Network

SPORTS**

- 300 Fox College Sports — Atlantic
- 301 Fox College Sports — Central
- 302 Fox College Sports — Pacific
- 303 Tennis Channel
- 305 Golf Channel
- 307 Outdoor Channel
- 308 The Sportsman Channel
- 311 Fox Sports on Español
- 313 GoTV
- 315 TVG (Horse Racing)
- 316 Horse Racing TV
- 318 Max TV
- 319 Blackbelt TV
- 321 MSG 2
- 322 Fox Sports Net NY 2

MOVIES**

- 340 Starz
- 341 Starz West
- 342 Starz Edge
- 343 Starz Edge West
- 344 Starz in Black
- 345 Starz Kids & Family
- 346 Starz Cinema
- 347 Starz Comedy
- 348 Encore
- 349 Encore West
- 350 Encore Love
- 351 Encore Love West
- 352 Encore Westerns

Other Premiums

- 430 Playboy TV
- 431 Playboy TV en Español
- 435 hotel

SPANISH LANGUAGE**

- 440 Galavisión
- 442 ESPN Deportes
- 443 Fox Sports en Español
- 444 GoTV
- 446 CNN en Español
- 447 Canal SUR
- 448 TVE Internacional
- 452 History Español
- 453 Discovery en Español
- 454 Viajar y Vivir
- 456 Infinito
- 457 MTV Tr3s
- 458 VH Uno
- 459 Telehit
- 462 De Película
- 464 Cine Latino
- 465 Cine Mexicano
- 468 La Familia
- 469 TV Chile
- 470 TV Colombia
- 472 Sorpresa
- 473 Toon Disney Español
- 474 Boomerang (ESP)*
- 475 Discovery Kids en Español
- 477 TBN Enlace
- 478 EWTN Español

INTERNATIONAL PREMIUMS**

- 480 CCTV (Vietnamese)
- 481 CCTV-4 (Mandarin Chinese)
- 482 CTV — Zhong Tian Channel (Chinese)
- 483 TV Japan
- 484 MBC (Korean)
- 485 The Filipino Channel
- 486 TV Asia
- 487 ART (Arabic)
- 488 RAI (Italian)
- 489 TV 5 (French)
- 490 TVP Polonia (Polish)
- 491 Rung A Rang (Farsi)
- 492 RTN Russian
- 493 Channel 1 Russian

LA CONEXIÓN

Entertainment

- 500 USA Network
- 501 TNT
- 502 TBS
- 503 Galavisión
- 504 FX
- 505 Spide TV

Sports

- 508 ESPN Deportes
- 511 YES
- 512 SportsNet NY
- 513 Fox Sports en Español
- 514 Fox Soccer Channel
- 515 MSG
- 516 GoTV
- 517 Fox Sports Net NY

Religion

- 518 CNN en Español
- 519 CNN
- 520 CNN Headline News
- 521 Fox News
- 522 CNBC
- 524 C-SPAN
- 525 Canal SUR

Women

- 529 TVE Internacional
- 530 History Español
- 531 Discovery Channel
- 532 Discovery en Español
- 534 Animal Planet
- 535 TLC (The Learning Channel)

Shopping

- 537 Lifetime
- 538 Lifetime Movie Network
- 540 QVC
- 541 HSN
- 543 Shop NBC

Home & Leisure

- 545 Discovery Health
- 546 Viajar y Vivir
- 549 Infinito
- 550 Food Network
- 551 HGTV (Home & Garden Television)
- 552 Travel Channel

Pop Culture

- 555 E! Entertainment Television
- 556 A&E
- 557 MTV
- 558 MTV2
- 559 Comedy Central
- 560 So-Fi Channel

MUSIC

- 562 MTV Tr3s
- 563 MTV2
- 564 Telehit
- 565 VH Uno
- 566 CMT

MOVIES

Family

- 569 De Película
- 570 De Película Clásico
- 571 Cine Mexicano
- 572 Cine Latino
- 574 ABC Family
- 575 La Familia
- 576 TV Chile
- 577 TV Colombia
- 578 TV Land

Children

- 580 Nickelodeon
- 581 Disney en Español
- 582 Toon Disney Español
- 583 Boomerang (ESP)*
- 584 Cartoon Network (ESP)*
- 585 Sorpresa
- 586 Discovery Kids en Español

Religion

- 588 TBN Enlace
- 589 EWTN Español
- 590 Cover 2 Cover
- 591 CMT Radio
- 592 Diner
- 593 Wide Open Country
- 594 Voice Box
- 595 Vinyl
- 596 Dope
- 597 Hip-hopics
- 598 Celebration
- 599 Unforgettable
- 600 Manteca
- 601 TRL
- 602 Pego
- 603 I Love the 80s
- 604 I Love the 90s
- 605 I Love the 70s
- 606 Neon
- 607 Reunion
- 608 R&B Hits
- 609 Rap
- 610 Rock
- 611 Arena Rock
- 612 Classic Rock
- 613 Alternative
- 614 Retro-Active
- 615 Electronica
- 616 Dance
- 617 Adult Alternative
- 618 Soft Rock
- 619 Hit List
- 620 Party Favorites
- 621 90s
- 622 80s
- 623 70s
- 624 Solid Gold Oldies
- 625 Singers & Standards
- 626 Big Band & Swing
- 627 Easy Listening
- 628 Smooth Jazz
- 629 Jazz
- 630 Blues
- 631 Reggae
- 632 Soundscapes
- 633 Classical Masterpieces
- 634 Opera
- 635 Light Classical
- 636 Show Tunes

MUSIC CHOICE

- 600 Showcase
- 601 Today's Country
- 602 Classic Country
- 603 Bluegrass
- 604 R&B and Hip-Hop
- 605 Classic R&B
- 606 Smooth R&B
- 607 R&B Hits
- 608 Rap
- 609 Metal
- 610 Rock
- 611 Arena Rock
- 612 Classic Rock
- 613 Alternative
- 614 Retro-Active
- 615 Electronica
- 616 Dance
- 617 Adult Alternative
- 618 Soft Rock
- 619 Hit List
- 620 Party Favorites
- 621 90s
- 622 80s
- 623 70s
- 624 Solid Gold Oldies
- 625 Singers & Standards
- 626 Big Band & Swing
- 627 Easy Listening
- 628 Smooth Jazz
- 629 Jazz
- 630 Blues
- 631 Reggae
- 632 Soundscapes
- 633 Classical Masterpieces
- 634 Opera
- 635 Light Classical
- 636 Show Tunes

*A Spanish-language Secondary Audio Program (SAP) is available for selection.
 **Subscription to corresponding premium channels and packages required.
 Programming services offered within each package are subject to change, and not all programming services will be available at all times. Blackout restrictions also apply.

Why stroll through a video store when you can scroll through one?

Scroll through a library of approximately 8,600 movies and shows that are waiting for you to watch. Use your remote and the Interactive Programming Guide to browse, then make your selection - it's that easy. Need to pause to get more popcorn? Fast forward to skip the scary part or rewind to see it again? No problem! You can do it all from your remote any time you want, day or night.

Free On Demand

Choose from a selection of free programming -- sports, home & leisure, music, pop culture and more -- from our FiOS TV library. Channels include Disney, Discovery, ESPN, Home & Garden, MTV and many others.

Movies On Demand

Find the blockbuster movies and your old favorites at the press of a button for a fraction of the cost of a movie ticket.

Premium On Demand

When you subscribe to HBO, Cinemax or the Movie Package, you automatically have access to original programming and shows. Not to mention, the hottest movie releases - anytime you want.

Pay Per View

Get a front row seat (your couch) to the most anticipated sporting events, concerts, movies and much more in entertainment with our Pay Per View listings.

You got the killer high def TV. Now get the killer high def channels to go with it.

Brilliant picture. Room-shaking sound. Abundance of HD choices. The stunning capacity of fiber optic cable delivers more of the high def programming you love, with spectacular picture, hyper-real color, and amazing clear sound. Watch your favorite sports, movies, and TV shows come alive on your screen.

FiOS TV with HDTV programming offers:

- Images up to 5x sharper than regular TV
- Unparalleled picture/sound quality and a wide-screen format
- An expansive and growing list of HDTV channels
- Easy installation from the FiOS TV HD Set Top Box
- Dolby 5.1 digital surround sound

To get started with HDTV, you'll need a HD ready television and a FiOS TV HD Set Top Box.

Finally, regularly scheduled programs for your irregularly scheduled life.

FiOS TV brings you so many choices, you'll probably find yourself wanting to watch more than one show at a time. Or you might have seen something so incredible, you just have to hit instant replay to see it again. (Sports fans take note.) No tapes. No discs. No hassle. The days of waiting for a commercial break to get a snack are long gone with the FiOS TV DVR.

With a FiOS TV DVR you can:

- Rewind, pause or record live TV
- Record up to 85 hours of standard definition programming
- Record one show while watching another or record two shows at the same time while watching a third recorded show



Home Media DVR with Media Manager

- Lets customers view recorded programs from any room in the house with a television and set-top box
- Supports up to six additional televisions, with simultaneous viewing of up to three recorded shows
- Easily access photos and music from your personal computer and play them on your entertainment center where they look and sound the best

Verizon FiOS TV

Here's everything you need to create your perfect FiOS TV package. First, choose your service. Then, add to it from our selection of digital packages and premium channels below.

Refer to the Channel Lineup for a complete listing of the channels included in each package.

Service	Number of Channels	Monthly Price
FiOS TV Local ¹	15-35	\$12.99
Digital Service (Requires Set Top Box [STB] and Router ²)		
FiOS TV Premier ³	228 + FiOS TV Local	\$42.99
La Conexión ⁴	162 + FiOS TV Local	\$32.99

Now, add more channels for just a few dollars more.

Packages ⁵ (Requires STB)	Number of Channels	Monthly Price
Sports	13	\$7.99
Movies	45	\$12.99
Sports/Movies Combination	58	\$15.99
Spanish Language	25	\$11.99

Premiums ⁶ (Requires STB)	Number of Channels	Monthly Price
HBO [*]	14	\$15.99
Cinemax [*]	12	\$15.99
HBO/Cinemax Combination	26	\$25.99
Playboy TV ⁷ /Playboy TV en Español	2	\$15.99
here!	1	\$7.99

International Premiums ⁸ (Requires STB)	Number of Channels	Monthly Price
International Premium Channels	14	Individually Priced

Video On Demand (VOD) and Pay Per View (PPV) (Requires STB)	Price
On Demand Movies	
New Releases	\$3.99
Library	\$2.99
On Demand Subscriptions	
WWE	\$7.99/mo.
Karaoke	\$7.99/mo.
On Demand Adult	\$14.99/each
PPV Events	Varies
PPV Sports	Varies
ESPN GamePlan — NCAA Football	\$21.99/daily, \$129.99 season*
ESPN FullCourt — NCAA Basketball	\$14.99/daily, \$109.99 season*

Set Top Box (STB)	Monthly Price
Digital Adapter**	\$3.99
Standard Definition (SD)	\$4.99
High Definition (includes HD channels)	\$9.99
Standard Definition Digital Video Recorder**	\$12.99
High Definition Digital Video Recorder (includes HD channels)	\$15.99
SD Home Media DVR (features Multi-Room DVR & Media Manager)**	\$17.99
HD Home Media DVR (features Multi-Room DVR & Media Manager)	\$19.99

Initial Installation	One-Time Charges
Existing Outlet Hookup (up to 3)	No Charge
Additional Outlet/Set Top Box Hookup (existing outlet)	\$19.99
New Outlet Install/Existing Outlet Rewire (per outlet)	\$54.99
Outlet Relocation	\$54.99
FiOS TV Activation Fee with FiOS TV/Internet/Voice Bundle	Free
FiOS TV Activation Fee with FiOS Internet	\$19.99
FiOS TV Activation Fee without FiOS Internet	\$29.99

Subsequent Installations/Charges	One-Time Charges
Premise Visit ⁷	\$49.99
New Outlet Installation (per outlet)	\$54.99
Outlet Relocation (per outlet)	\$54.99
Setup of TV Equipment (new TV with existing STB)	\$49.99
Downgrade of Service from Digital to Analog	\$49.99
Set Top Box Addition or Upgrade (requiring Technician visit)	\$24.99
Set Top Box Return or Downgrade with equipment drop off at Verizon authorized locations	Free
Set Top Box Return or Downgrade (requiring Technician visit)	\$29.99
FiOS TV Full Service Disconnect with equipment drop off at Verizon authorized locations	Free
FiOS TV Full Service Disconnect with Technician visit for equipment retrieval	\$74.99

Other Services and Charges	One-Time Charges
Seasonal Service Suspension (charged at initiation, 1-6 months)*	\$24.99
Replacement Remote — Verizon FiOS TV RC144	\$6.99 + Shipping & Handling
Replacement Remote — Motorola DRC800	\$5.00 + Shipping & Handling
Unreturned/Damaged STB — Digital Adapter	\$175.00
Unreturned/Damaged STB — Standard Definition	\$240.00
Unreturned/Damaged STB — High Definition	\$350.00
Unreturned/Damaged STB — SD Digital Video Recorder (DVR)	\$475.00
Unreturned/Damaged STB — HD Digital Video Recorder (DVR)	\$550.00

*In addition, early subscription and half season prices are available.

**Available Fall 2007.



¹ The Spanish Language package may be added to FiOS TV Local service, but requires a Set Top Box for access. The addition of a Set Top Box with FiOS TV Local service provides access to Video On Demand (VOD) and Pay Per View (PPV), as well as the ability to order Premiums and International Premiums.

² If service is cancelled within the first 12 months, router must be returned or \$99.99 equipment fee applies.

³ FiOS TV Premier includes all FiOS TV Local channels, additional all-digital programming, digital music channels and access to Pay Per View and Video On Demand.

⁴ La Conexión includes all FiOS TV Local channels, digital programming including popular English-language networks and Spanish-language networks, digital music channels, and access to PPV and VOD. La Conexión cannot be combined with the Spanish Language package.

⁵ In order to be eligible for Movies or Sports, FiOS TV Premier or La Conexión is required. 30-day minimum billing period required for all digital packages.

⁶ Subscription VOD is included with all Premiums at no extra charge (where applicable). 30-day minimum billing period required for all Premiums.

⁷ A premise visit charge is assessed when a technician installation is required to set up a new or additional TV with an existing FiOS TV Set Top Box. A premise visit charge is not assessed when adding new, upgrading/downgrading existing, or disconnecting Set Top Box receivers.

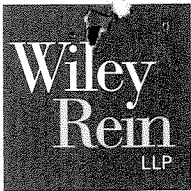
⁸ Seasonal service suspension requires a minimum suspension of one month and a maximum suspension of six months.

Service/program availability varies by location and the number of channels within each package are approximations. Pricing applies to residential use only within the United States and is subject to change. Taxes, franchise fees and other terms apply.

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VRZN_FIFF_C0984

Tab 5



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August 22, 2007

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BY HAND

The Honorable Brian L. Miele, Mayor
The Honorable Craig M. Flanagan, Jr, Trustee
The Honorable Bernard Jackson, Trustee
Alan M. Simon, Village Attorney
Gladys DeFreese, Village Clerk-Treasurer
Village of Hillburn
Village Hall
31 Mountain Avenue
Hillburn, New York 10931

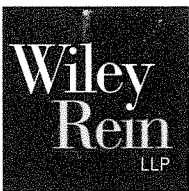
Re: Cable Franchise Agreement by and between the Village of Hillburn ("Hillburn" or the "Village") and Verizon New York Inc. (the "Verizon Franchise")

Dear Mr. Mayor and Members of the Village Board:

On behalf of Verizon New York Inc. ("Verizon"), thank you for affording Verizon the opportunity to appear before you at the August 22, 2007 public hearing (the "Public Hearing") regarding the Verizon Franchise.

EXECUTIVE SUMMARY

- *The Village and Verizon have worked diligently to introduce the benefits of cable competition to Hillburn residents. The incumbent cable service provider may lobby to protect its pecuniary interest by asking the Board to delay Hillburn residents' ability to choose an alternate cable provider.*
- *A level playing field analysis requires a review of competitive franchises "taken as a whole." Cablevision continues to raise level playing field objections despite the NY PSC's consistent repudiation of same.*
- *Verizon has decades of independent authority to conduct activities in the public rights-of-way. Cablevision's sole authority to conduct activities in the public rights-of-way derives exclusively through its cable franchise.*



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- *Verizon's "Force Majeure" definition is substantially narrower than Cablevision's description of "force majeure" events.*
- *Verizon's "Gross Revenue" definition is comprehensive, unambiguous and significantly broader than Cablevision's "Gross Receipts" definition.*
- *Verizon is required to comply with the stringent customer service regulations that the NY PSC imposes on cable service providers. Further, as a competitive provider, Verizon will be held to a higher standard by consumers seeking improved customer service.*

INTRODUCTION AND BACKGROUND

The Village and Verizon have worked diligently to introduce the benefits of cable competition to Hillburn residents. The incumbent cable service provider will lobby to protect its pecuniary interest by asking the Board to delay Hillburn residents' ability to choose an alternate cable provider.

The Public Hearing represents the culmination of a substantial effort on the part of the Village and Verizon to introduce cable competition and its attendant benefits to Hillburn. Verizon has made the significant capital investments necessary to upgrade its telecommunications network to enable it to deliver a new generation of ultra-high-speed broadband services, including video service, to Hillburn residents over a "fiber to the premises" network (the "FTTP Network"). Construction of this FTTP Network upgrade has been completed to approximately 98% of the households in Hillburn. The FTTP Network is an innovative new technology that uses fiber-optic cable and optical electronics to link homes and businesses *directly* to Verizon's network. The FTTP Network enables Verizon to provide Hillburn residents with lightning-fast internet access and superior telephone service. Additionally, the FTTP Network provides next-generation technology that has virtually limitless capacity to deliver *state-of-the art* cable television service to Village residents, which will open the market to unprecedented competition.

The Village has demonstrated a strong commitment to benefit its residents through the introduction of cable competition. The Village's negotiator has worked with Verizon to reach an agreement that is legally sound, fulfills Hillburn's cable-related needs and interests, and will enable Verizon to compete with the incumbent on a competitively-neutral basis.

Unfortunately Cablevision has been engaged in a vigorous campaign designed to thwart the creation of a competitive market in Rockland County and elsewhere in New York. This campaign is designed to intimidate the communities in order to prevent, or at least delay, the introduction of cable competition and to deprive their constituents of the opportunity to choose a real alternative video service provider. This is a self-serving effort *designed solely* to protect Cablevision's pecuniary interest and market dominance. It is essential that the Village evaluate the merits of any complaints and objections that it may receive from Cablevision against this backdrop.

DISCUSSION

Verizon anticipates that Cablevision may well propound the same arguments to the Village that it has historically and repeatedly propounded throughout the process in municipalities where Verizon jeopardizes its monopoly position. Cablevision typically insinuates, contrary to multiple NY PSC orders, that the Verizon Franchise violates the level playing field requirement due to perceived deficiencies in the following primary areas – rights of way management and local authority, build out, force majeure, indemnification, enforceability, and customer service. Cablevision further often intimates that the definition of “gross revenue” contained in the Verizon Franchise is deficient. Although Verizon maintains the position that Cablevision's arguments are wholly without merit, to assist in your analysis, Verizon respectfully provides the following information and attached chart in support of the Village's commitment to deliver competition to its residents. This information also includes discussion to address any level playing field concerns that the Village may have.

LEVEL PLAYING FIELD

A level playing field analysis requires a review of competitive franchises “taken as a whole.” Cablevision continues to raise level playing field objections despite the NY PSC's consistent repudiation of same.

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The NY PSC renumbered and amended its cable television rules two years ago, intending to “reflect a more competitive environment and changes in federal law that occurred in 1984 and 1996.”¹ The amended rules include a “level playing field” provision codified in 16 NYCRR § 895.3. This provision provides that “[n]o municipality may award or renew a franchise for cable television service which contains economic or regulatory burdens, which *when taken as a whole*, are greater or lesser than those burdens placed on another cable franchise operating in the same area.” 16 NYCRR § 895.3 (emphasis added). The central question in a level playing field analysis is not whether there is a perceived disparity between the burdens imposed by specific franchise provisions considered in isolation, but whether the burdens on the two franchises, *when taken as a whole*, are so materially disproportionate as to preclude fair competition between providers. The regulation does not propose a side-by-side comparison of discrete provisions that are immaterial and/or inconsequential to the day-to-day operations of a business that delivers video and other services to subscribers. As the NY PSC observed in adopting the regulation,

[t]he level playing field provision does not preclude different franchise terms for different companies. Rather, it requires that economic and regulatory burdens *taken as a whole*, shall not be greater for one company than another. The language is intended to maintain flexibility for municipalities in attracting competitive companies while ensuring fairness to all companies competing in an area.²

Cablevision will likely assert that NY PSC regulations contemplate a role for the incumbent cable operator because it is entitled to a level playing field and that the Verizon Franchise violates the level playing field requirement. Most significantly, however, the NY PSC has overruled Cablevision’s identical claim on numerous occasions by holding consistently that Verizon’s proposed franchise

¹ Case 01-V-0381, “Memorandum and Resolution Adopting 16 NYCRR Parts 890 Through 899” (Issued and Effective April 4, 2005) at 1.

² *Id.* at 4 (emphasis added).

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agreement for various municipalities “does not violate the Commission’s level playing field rule.”³ The NY PSC stated further that a level playing field analysis

does not compel us to undertake a term for term comparison of the respective franchise agreements. Nor will we review the franchise agreements in isolation. Our rule does not preclude the existence of different franchise terms for different companies as they roll out their cable service in various municipalities, should events and circumstances so warrant.⁴

The Verizon Franchise has been specifically structured to be competitively neutral with Cablevision’s Hillburn franchise renewal agreement. It is also essentially the same agreement as the Verizon cable franchise agreements approved and signed by the Villages of Airmont and Suffern. Cablevision’s agreement with those two villages is nearly identical to the Hillburn franchise renewal agreement.

Finally, Cablevision may claim that its contractual level playing field provision grants it unilateral authority to remove provisions from its existing franchise with the Village. Nevertheless, the NY PSC has repeatedly ordered, including in the case of Cablevision’s recent Airmont renewal agreement, that Cablevision’s contractual attempts to mirror the NY PSC’s level playing field requirement must be construed in a manner consistent with the 16 NYCRR 895.3.⁵

³ Case 05-V-1263, “Order and Certificate of Confirmation” (Issued and Effective December 15, 2005) (the “*Massapequa Park Order*”) at 23, Case 05-V-1570, “Order and Certificate of Confirmation” (Issued and Effective February 8, 2006) (the “*Nyack Order*”) at 13, Case 05-V-1571, “Order and Certificate of Confirmation” (Issued and Effective February 8, 2006) (the “*South Nyack Order*”) at 13, and Case No. 06-V-0875, “Order and Certificate of Confirmation” (Issued and Effective September 21, 2006) (the “*Lynbrook Order*”) at 7.

⁴ *Id.*

⁵ See, e.g., Case 05-V-0171 – Application of Cablevision of Southern Westchester, Inc. d/b/a Cablevision for Approval of the Renewal of its Cable Television Franchise for the Town of Eastchester (Westchester County) (Issued and Effective October 30, 2006), Case No. 05-V-0413 – Application of Cablevision Systems Long Island Corporation d/b/a Cablevision for Approval of the Renewal of its Cable Television Franchise in the Village of Floral Park (Nassau County) (Issued and Effective June 1, 2006), Case 06-V-0028 – Application of Cablevision of Wappingers Falls, Inc. d/b/a Cablevision for Approval of the Renewal of its Cable Television Franchise in the Village of Fishkill (Dutchess County) (Issued and Effective June 1, 2006), Case 05-V-1144 – Application of

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LOCAL RIGHT OF WAY AUTHORITY; INDEMNIFICATION

Verizon has decades of independent authority to conduct activities in the public rights-of-way. Cablevision's sole authority to conduct activities in the public rights-of-way derives exclusively through its "communications system" franchise.

In an attempt to create an appearance of inequality between the Verizon Franchise and its current franchise⁶, Cablevision will likely insinuate that the Verizon Franchise somehow shields Verizon's facilities from the type of local oversight and control that is required by law and in the Cablevision franchise renewal agreement. This argument is plainly wrong and ignores the numerous telecommunications regulations applicable to Verizon's facilities. Verizon's activities are governed by a substantial body of federal, state and local law. For more than 100 years, Verizon has been constructing, accessing and maintaining facilities in the public rights of way throughout New York State pursuant to a comprehensive regulatory regime. The NY PSC explicitly acknowledged this fact in its February 8, 2006 orders conditionally confirming the Nyack and South Nyack franchises:

Local governments have presumably been able to manage the telephone facilities that have utilized the public rights-of-way and need not attempt to exercise additional authority in the cable franchise to govern the construction, placement, and operation of mixed-use facilities that will be used to provide video services.⁷

Cablevision of Rockland/Ramapo, LLC d/b/a Cablevision for Approval of the Renewal of its Cable Television Franchise for the Village of Airmont (Rockland County) (Issued and Effective January 17, 2006), Case 04-V-1583 – Application of Cablevision of Rockland/Ramapo, Inc. d/b/a Cablevision for Approval of the Renewal of its Cable Television Franchise for the Village of Piermont (Rockland County) (Issued and Effective February 22, 2007).

⁶ A Franchise Renewal Agreement between the Village of Airmont, Rockland County, State of New York and Cablevision of Rockland/Ramapo, LLC.

⁷ *Nyack Order* at 8 and *South Nyack Order* at 8.

In these confirmation orders, the Commission cited its Declaratory Ruling⁸ in which it recognized that local governments have oversight authority for facilities in the public rights-of-way, even if they are used exclusively for telephone services. Therefore, the NY PSC concluded, “[b]y subjecting Verizon’s mixed-use facilities to the Commission’s minimum franchise standards and local government’s police power, we do not believe that local governments have been granted broad new authority over the construction, placement and operation of Verizon’s mixed-use facilities.”⁹ Consistent with this regulatory guidance, Section 2.2 of the Verizon Franchise provides:

The FTTP Network: Upon delivery of Cable Service, by subjecting Franchisee’s mixed-use facilities to the NY PSC’s minimum franchise standards and the LFA’s police power, the LFA has not been granted broad new authority over the construction, placement and operation of Franchisee’s mixed-use facilities.

Cablevision will doubtlessly object to this language, as it has objected to nearly identical language in other municipalities (without success).¹⁰ For example, in the case of the Town of Hempstead, the NY PSC emphatically rejected Cablevision’s position with respect to Section 2.2 as a non-issue:

as it relates to the right-of-way management provision in 2.2 of the proposed agreement, we *do not agree* with Cablevision that the language limits local police powers and violates our prior orders. *Provision 2.2 is merely the parties’ effort to incorporate our prior rulings in the Nyack and South Nyack confirmations. The language does not create a significant limitation*

⁸ Cases 05-M-0250 and 05-M-0247, “Declaratory Ruling on Verizon Communications, Inc.’s Build-Out of its Fiber to the Premises Network, NY Public Service Commission” (issued and effective June 15, 2005) (“*Declaratory Ruling*”).

⁹ *Nyack Order* at 7-8, *South Nyack Order* at 7-8.

¹⁰ See, e.g., Section 2.2 of Verizon’s franchise with the Town of Hempstead, which provides: “2.2 *The FTTP Network:* Upon delivery of Cable Service, by subjecting the Franchisee’s mixed-use facilities to the NY PSC’s minimum franchise standards and the LFA’s police power local governments have not been granted broad new authority over the construction, placement and operation of the Franchisee’s mixed-use facilities.”

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*and will be construed consistent with our prior rulings.*¹¹

Therefore, Cablevision's suggestions that the Verizon Franchise imposes significant limitations on a municipality's management of right-of-way authority are improper and misleading.

In a similar vein, Cablevision may recommend to the Village that it should demand that Verizon add to the indemnification provisions of the Verizon Franchise an acknowledgement that "construction and maintenance of its FTTP Network is conduct undertaken pursuant to this Franchise." This recommendation flies in the face of the Commission's *Declaratory Ruling* and its subsequent orders confirming Verizon's franchises:

Verizon has already obtained the legal right to use the rights-of-way to upgrade and maintain its existing telephone system. Verizon has maintained its telecommunications network for years under its existing authorizations and consents. The record here suggests that Verizon has the requisite authority from local governments to use the public rights-of-way and that municipalities have sufficient legal authority over Verizon's upgrade activities as a telephone company to properly manage their rights-of-way. Verizon has represented in its pleadings that it is subject to municipal oversight. Municipal governance over rights-of-way is still in effect and Verizon must adhere to those requirements.¹²

Further, the NY PSC established in the *Nyack* and *South Nyack Orders* that "[a]ttempts by municipal governments to impose construction or operating requirements in cable franchises that would apply to mixed-use facilities that go beyond its traditional police powers or minimum cable requirements could unduly

¹¹ Case 06-V-0427, "Order and Certificate of Confirmation" (Issued and Effective May 18, 2006) (the "*Hempstead Order*") at 6-7 (emphasis added).

¹² *Declaratory Ruling* at 20-21.

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inhibit competition and may well be deemed unreasonable under the Public Service Law and federal law.”¹³

Unlike Cablevision, which only has authority to utilize the public rights of way *exclusively through its cable franchise*, Verizon’s construction and maintenance of the FTTP Network is undertaken pursuant to its decades of independent authority as a common carrier under Title II of the Communications Act of 1934, as amended, and pursuant to Section 27 of the New York State Transportation Corporations Law. The NY PSC affirmed Verizon’s independent authority to upgrade and maintain its existing telecommunications network in the *Declaratory Ruling*. As indicated in the Verizon Franchise, construction of the FTTP Network in the Village is essentially complete. Verizon maintains the network routinely. Verizon’s indemnification obligations exceed the NY PSC’s minimum indemnification requirements and fully protect the Village.

FORCE MAJEURE

Verizon’s “force majeure” definition is substantially narrower than Cablevision’s description of “force majeure” events.

Verizon’s “Force Majeure” definition is narrower than Cablevision’s description of “force majeure” events in its franchise renewal agreement. Section 8.4 of the Cablevision franchise renewal agreement provides:

In no event, and notwithstanding any contrary provision in this section or elsewhere in this Agreement, shall this Agreement be subject to default, revocation or termination, or Franchisee be liable for non-compliance with or delay in the performance of any obligation hereunder, where its failure to cure or to take reasonable steps to cure is directly attributable to formal U.S. declaration of war, government ban on the affected obligation, U.S. government sponsored or supported embargo, civil commotion, strikes or work

¹³ *Nyack Order* at 8, *South Nyack Order* at 8.

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stoppages (except those against Franchisee and its affiliates), fires, any acts of God or of nature or *other events beyond the immediate control of Franchisee*. (emphasis added)

By contrast, Section 1.12 of the Verizon Franchise narrowly defines “Force Majeure” as:

Force Majeure: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances and disputes, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, incidences of terrorism, acts of vandalism, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee’s FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary. (emphasis added)

As noted above, Verizon’s definition is narrower because it contemplates Verizon’s ability to “*anticipate and control*” a situation, while Cablevision’s description contains the broader catch all “*or other events beyond the immediate control of Franchisee*.”

Cablevision may urge the Village to revise the “Force Majeure” definition by deleting the phrase “or work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee’s FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.” Nevertheless, such descriptive circumstances are highly appropriate.

First, utility poles in Rockland County are shared by Verizon and the power company Orange and Rockland Utilities, Inc. (“O&R”), with maintenance responsibilities allocated among the parties. If O&R fails to service, monitor or

maintain one or more poles for which it bears responsibility, there is a possibility that Verizon may face work delays as a result.

Second, Verizon is a telecommunications company, not an equipment manufacturer. Second, as last year's merger announcement regarding Nokia Corp. and Siemens AG suggests, there is a wave of consolidation in the electronics equipment manufacturing industry. As a result of changes in the industry, it may be possible that materials become unavailable from time to time. Additionally, the FTTP Network is cutting-edge technology, so there is likelihood that, as the technology evolves, the industry may experience temporary shortages of materials.

Moreover, unlike Cablevision's employees, Verizon's employees are represented by organized labor unions, and work is allocated pursuant to Verizon's obligations under collective bargaining agreements. Therefore, even absent the events of strike, labor disturbance or dispute, there may be situations where Verizon faces an unavailability of qualified labor to perform the work necessary.

GROSS REVENUE

Verizon's "Gross Revenue" definition is comprehensive, unambiguous and significantly broader than Cablevision's "Gross Receipts" definition.

Cablevision will likely try to manufacture a level playing field violation by claiming that the definition of "Gross Revenue" in the Verizon Franchise is not as broad as the "Gross Receipts" definition contained in the Cablevision franchise renewal agreement. This argument is incorrect.

Consistent with federal law, Verizon defines "Gross Revenue" as "[a]ll revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area." *Verizon Franchise §1.16*. Cablevision's very narrow definition, by way of contrast, is limited to "total annual *subscription payments . . . for video programming service.*" (emphasis added) *Cablevision Franchise §1.9*. Significantly, Cablevision defines "cable service" using the federal definition while cunningly limiting the range of receipts contained in "Gross Receipts" to those obtained for "video programming" service rather than cable service.

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Additionally, unlike the Cablevision franchise renewal agreement, the Verizon Franchise unequivocally provides that:

[s]hould revenue from any service provided by Franchisee over the Cable System be classified as a Cable Service by a final determination or ruling of any agency or court having jurisdiction, after the exhaustion of all appeals related thereto, the LFA shall be entitled, after notification to Franchisee, to amend this Agreement in the manner prescribed under applicable state law or this Franchise to include revenue from Franchisee's provision of such service as Gross Revenue, and Franchisee shall include revenue from such service as Gross Revenue on a going forward basis commencing with the next available billing cycle following the date of issuance of an order from the NY PSC approving such amendment. *Verizon Franchise §1.16.*

This provision provides the Village with significant revenue protections in the event of future changes in law. *There are no equivalent protections offered to the Village in the Cablevision franchise renewal agreement.*

Verizon's definition of "Gross Revenue" is comprehensive and unambiguous. Rather, it is Cablevision's "Gross Receipts" definition that is clearly deficient.

CUSTOMER SERVICE

Verizon is required to comply with the stringent customer service regulations that the NY PSC imposes on cable service providers. Further, as a competitive provider, Verizon will be held to a higher standard by consumers seeking improved customer service.

Cablevision will probably recommend that the Village seek to include a provision stating that "[t]he LFA shall have the right to promulgate new, revised or additional consumer protection standards, and penalties for Franchisee's failure to comply therewith, consistent with the authority granted under Section 632 of the

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Cable Act (47 U.S.C Sec. 552).” This additional provision is entirely unnecessary. First, Section 2.5 of the Verizon Franchise clearly states that the franchise is “subject to and shall be governed by all applicable provisions of federal law as it may be amended, including but not limited to the Communications Act.” Second, Hillburn already has the rights under 47 U.S.C § 552 to establish and enforce customer service requirements and to enact and enforce consumer protection laws.

Finally, as a competitive market entrant, Verizon will be held to a higher standard by consumers seeking improved customer service. If Verizon’s customer service is not exemplary, subscribers will return to the incumbent. At the present time, Village residents are left with no choice. As a result of competition, customer service will improve across the board, and all Village consumers will benefit.

CONCLUSION

Verizon is eager to introduce cable competition to Hillburn and to offer Hillburn residents the opportunity to choose among cable providers. To fulfill their commitment to bring choice to Village residents, the Village and Verizon have worked diligently to negotiate an agreement that is fair and that complies with all applicable laws. As explained in greater detail above, Cablevision’s anticompetitive tactics are designed solely to protect its market dominance by denying Hillburn residents the benefits of a competitive alternative. The incumbent’s self-serving assertions relate not to the inherent fairness of permitting Verizon to compete head-to-head for video subscribers in Hillburn, but instead solely to promote Cablevision’s pecuniary interest in forestalling Verizon’s entry into the market at all costs. It is imperative that the Village review any Cablevision grievances in this very narrow context.

Verizon anticipates the Village’s award of a cable franchise at the Public Hearing and is excited to benefit Village residents through the introduction of cable competition. In the meantime, we remain available at any time to answer any questions that you may have. Linc Janus is available at (630) 645-3801 and I am available at (202) 719-3480.

Respectfully submitted,

A handwritten signature in black ink, reading "Brian A. Johnson". The signature is fluid and cursive, with the first name "Brian" and last name "Johnson" clearly legible.

Brian A. Johnson

August 22, 2007
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cc: Verizon New York, Inc.

12695259.2

Tab 6

From: Johnson, Brian [mailto:BJohnson@wileyrein.com]
Sent: Thursday, September 06, 2007 12:25 PM
To: alanmsimonesq@verizon.net
Cc: gdefreese@hillburn.org; Janus, Lincoln V. (Linc); Windram, Richard
Subject: Response to Cablevision's Comments

PROPRIETARY AND CONFIDENTIAL

Alan:

Attached is a chart providing Verizon's responses to the matters raised by Cablevision at the August 22 Village Board meeting. I am also sending a copy to Gladys for delivery to Mayor Miele and the members of the Board. We would like to request that the chart be kept confidential until we can formally present it at the September 12 continued hearing. Linc Janus and I are available to discuss this with you and the Mayor prior to the September 12 Village Board meeting so we will be in a position to bring final signature versions of the Cable Franchise Agreement with us to the hearing. A conference call would work for us, but we are also prepared to meet in person if you would like to do so.

I would also like to add a few comments about Cablevision's diversionary tactic of making last minute meritless attempts to engage in comparisons of the Hillburn cable franchise agreement to numerous other agreements, including some outside of New York. This is being done solely for the purpose of delaying the approval process and cable competition in the Village. It is highly inappropriate for several reasons.

First, it can likely be said that all of Verizon's cable franchises in New York vary from one another and properly so. One of Verizon's primary goals in structuring an agreement for a given community is to "match up" to that community's agreement with Cablevision in relevant respects in order that Verizon's agreement will be competitively neutral and satisfy the NY PSC's level playing field rule. We have done that with the Hillburn agreement. However, in order to compare Verizon agreements elsewhere, one would have to also compare the relevant Cablevision agreements for the same communities, and, in fact, Cablevision's agreements throughout the New York metropolitan area often vary significantly from one another. Therefore, quite often Verizon's agreements will vary as do the incumbents' agreements. This is entirely appropriate. Different communities have different needs, interests and desires. What is of importance or concern to one municipality may be irrelevant or of no concern to another municipality, whether this relates to a PEG grant, municipal building free service or simply legal language.

Just as important is the concept of improper "cherry picking," i.e., trying to take only the good without the less desirable. All of Verizon's (and for that matter, Cablevision's) agreements are a product of negotiation. These negotiations are frequently quite lengthy and very intense with a lot of "give and take." It simply is not appropriate for Cablevision to engage in a process of trying to take a seat at the negotiating table and promoting cherry picking in order to slow down or delay the process. It is unscrupulous and should not be countenanced. Verizon has negotiated the Verizon Franchise with the Village, and it will not engage in any process that permits Cablevision to, in effect, become a negotiating party. The important thing is for the Village to stay focused on its needs, interests and concerns.

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**VERIZON NEW YORK, INC'S RESPONSES TO CABLEVISION'S AUGUST 22, 2007
SUBMISSION TO THE VILLAGE OF HILLBURN.**

Issue	Cablevision's Assertions	Verizon's Responses
PSC's Role and Village's Authority to Negotiate Terms	Cablevision asserts that the Verizon Franchise is a minimal agreement.	The NY PSC's role is limited to confirming that the Verizon Franchise meets state and federal requirements. It is up to the Village and Verizon to negotiate additional aspects of the Agreement which we have done. The Agreement contains much more than simply what is required by the PSC's cable franchise contents rule and is by no means a bare bones document. As indicated in our August 22 letter to the members of the Village Board, the Agreement is on par with those agreed to and signed by the neighboring villages of Airmont and Suffern. The Airmont agreement has been confirmed by the NY PSC and has therefore been found to satisfy its rules and level playing field requirements.
Village's Commitment to Cablevision	Cablevision alleges that Section 33.1 of its Hillburn franchise would permit it to <i>unilaterally</i> modify its agreement to incorporate more favorable or less burdensome terms of the Verizon Franchise.	We sincerely wish that Cablevision would stop propagating this falsehood. It is nothing more than a scare tactic designed to create last minute delay. Per the discussion of level playing field on pages 3 through 5 in our August 22 letter to the Village Board, simply put there is no longer any most favored nation or "MFN" treatment available to Cablevision in New York as a result of § 895.3 of the NY PSC's rules enacted in 2005. The NY PSC has specifically ruled in several Cablevision renewal confirmations that its MFN provision has been superseded by this new level playing field rule and that franchises will be looked at on an overall basis taken as a whole and <u>not</u> on a provision by provision basis. Since the Verizon franchise is competitively neutral under the NY PSC's level playing field rule Cablevision would not be entitled to any LPF remedies with respect to Hillburn whatsoever. Moreover, any changes to Cablevision's Hillburn franchise would qualify as an amendment and be subject to the amendment process required by § 892-1 of the NY PSC's rules. The rules require Cablevision to first petition the Village for approval for the change, then the Village would hold a public hearing on the request and any modifications agreed to by the Village would be submitted to the NY PSC for approval of the amendment to Cablevision's franchise. Thus, even if Cablevision were to be entitled to relief (which it is not), it certainly would not be entitled to make any change on a unilateral basis.
Service To All Village Residents	Cablevision has attempted to claim that Verizon can or would evade its obligation to serve Village residents.	<p>When one carefully considers Cablevision's claim that Verizon would, for any reason, not want to serve a Village resident it is clearly preposterous. Verizon's goal in upgrading its network with fiber to the premises is obviously to do just the opposite. It must serve every resident that is willing to sign up in order to obtain a reasonable return on its very extensive investment in the Village.</p> <p>Subsection 3.1.1 and Exhibit B of the Agreement are designed to comport with the New York PSC's deployment requirements which provide for significant service within 12 months and service to all of the Village within 5 years. As previously stated by John Figliozzi of the NY PSC, this is the same requirement with which Cablevision must comply. It is also of significant</p>

Issue	Cablevision's Assertions	Verizon's Responses
		<p>importance that Verizon has upgraded approximately 98% of its plant serving the Village. It is further noteworthy that when Cablevision's predecessor first obtained a cable franchise for the Village it had not built anything in the Village, nor could it have since to do so without a cable franchise would have been unlawful under Title VI of the Federal Communications Act. Thus, Verizon is far ahead of where the incumbent operator started when it first obtained its franchise to provide cable service to the Village.</p> <p>Finally, Cablevision has conveniently failed to mention Section 3.2 of the Verizon Franchise which specifically provides that "Franchisee shall make Cable Service available to all residential dwelling units" subject to certain limited conditions. Thus Verizon could not, even if it desired to do so, leave out anyone that meets the service requirements of Section 3.1 of the Agreement.</p>
Customer Service Protections	Cablevision claims that its franchise contains comprehensive customer service standards and Verizon's does not.	<p>To say that this is an overstatement is an understatement. In fact, both Cablevision and Verizon are subject to the very same extremely extensive and comprehensive New York Public Service Commission customer service standards. The references to Cablevision's franchise are inapposite for they essentially have only to do with general topics, some of which involve Title II construction requirements which are addressed below, and/or general statements to the effect that Cablevision will comply with state and federal law. For example, Section 14.3 of the Cablevision agreement dealing with telephone answering is nothing more than a recitation of the New York PSC's telephone answering rule in Section 890.90(a). Another provision requires Cablevision to maintain an adequate phone system. Needless to say we think that Verizon satisfies that concern. The main issue here is that with cable competition both operators will be forced to raise their level of customer service to compete for valuable cable television subscribers, thereby insuring the highest levels of customer service by both providers as a result of competition.</p>
Village Control of its Rights of Way	Cablevision asserts that Section 6 of its agreement is more expansive regarding authority over the rights-of way.	<p>Cablevision's assertion is correct, and this is addressed in detail under the local right of way authority portion on pages 6 through 9 of our August 22 letter to the Village Board. Indeed, Cablevision <u>only</u> has authority to utilize the public rights of way as a result of its cable franchise. It has no other right to construct or operate a cable system in the Village. However, as explained in Verizon's letter, Verizon has independent authority as an incumbent local exchange common carrier under Title II of the Communications Act and Section 27 of the New York State Transportation Corporations law, to upgrade its existing multi-use facilities with fiber to the premises. The New York PSC is in full accord with this, and Cablevision's assertions that the Verizon franchise is inappropriate in these respects is just plain contrary to existing law and the NY PSC's Declaratory Ruling on Verizon Communication Inc.'s Build Out of its Fiber to the Premises Network, NY Public Service Commission, Case 05-M-0520/05-M-0247, June 15, 2005.</p>

Issue	Cablevision's Assertions	Verizon's Responses
Village's Right to Inspect Franchisee's System	Cablevision is subject to system inspections so it believes that Verizon's plant should be as well.	Again Cablevision is mixing its apples and oranges. The inspection rights in Cablevision's agreement are a part of its use of the public rights-of-way as a cable operator under Title VI of the Communications Act, and, as indicated above, Verizon's ability to construct and operate in the public rights-of-way derives from different authority. Nonetheless, under federal rules and § 896.3 of the NY PSC's rules, Verizon is required to test the Cable System, and demonstrate technical compliance to the NY PSC.
8.2.1: Indemnification	Cablevision contends that the indemnification notice requirement is too short	<p>The reason for the 10-day notification period is to assure timely notice in order to avoid default judgments. Accordingly, Verizon would be willing to change the 10-day notice requirement of Section 8.2.1 of its proposed Agreement to state as follows:</p> <p style="padding-left: 40px;">“provided that the LFA shall give franchisee prompt written notice of a claim or action for which it seeks indemnification pursuant to this Subsection, and, in any event, the LFA shall provide Franchisee with such written notice within a period of time that allows Franchisee to take action to avoid entry of a default judgment and does not prejudice Franchisee's ability to defend the claim or action.”</p>
Change of Law	Cablevision has suggested that Subsection 2.7.3, changes in state law, be deleted.	Subsection 2.7.3 merely requires that if there are changes in state law, rules or regulations that would materially alter the terms or conditions of the Verizon Franchise, the parties will work together to ameliorate the negative affects on Verizon to the mutual satisfaction of both parties. The NY PSC has approved franchise agreements in other municipalities containing this provision. However, Verizon is willing to delete this subsection if the Village does not want to include it in the Agreement.

Issue	Cablevision's Assertions	Verizon's Responses
PEG Access: Village Accounting To Verizon	Cablevision has attempted to transform this simplistic reporting requirement into something that somehow would "jeopardize" the Village's PEG grant	Subsection 5.2.2 merely requires the Village to provide Verizon with an accounting of the use of the PEG Grant funds. No time periods are specified, and there is nothing whatsoever which would make this a condition to the PEG Grant, which, in fact, will have already been paid to the Village. In addition, accounting for a \$1,500 grant would in no way be burdensome on the Village. PEG grants are supposed to be used for capital items as set forth in Subsection 5.2.1. of the Verizon Franchise, and it is perfectly reasonable for Verizon to request an accounting of the use of the PEG Grant funds.
PEG: Indemnification	Cablevision would have the Village delete Subsection 5.3 as being "a substantial obligation" and potentially exposing the Village to liability	First, since the Village does not intend to administer a Public Access PEG Channel, this would not impose any obligation on the Village for the oversight of PEG operations. It is our understanding that the Village will initially use the PEG Grant to tape Village Board meetings, and the Village will not operate any PEG Access Channels. Moreover, this provision is actually intended to <u>protect both</u> the Village and Verizon in the event that the Village should choose to administer public access programming or allow third party producers and users to cablecast programs on a Village PEG Access Channel.
Cable Service to Public Buildings	Cablevision asserts that the Franchise Grant of \$1,500 in lieu of service to two public buildings could somehow impair Cablevision's obligation to provide free service to public buildings	During the negotiations with the Village, Verizon has made it clear that it will either provide free service to public buildings designated by the Village or a monetary grant in lieu of that free service. The Village has the right to choose either alternative. The Village has designated those public buildings for which it desires free service, and two buildings for which it does not desire free service and would rather have the monetary grant in lieu of that service. Thus, Verizon will either provide such free service or make the grant. This in no way affects Cablevision's obligation to honor the free service to public buildings requirements contained in its renewal franchise agreement. Again, level playing field simply requires franchises be reasonably similar in terms of economic and regulatory burdens on an overall basis taken as a whole. It does not permit a provision by provision duplication of respective franchise agreements. Verizon's Franchise Grants in lieu of free service to public buildings have been confirmed as satisfying the level playing field requirements by the New York PSC in all circumstances in which other villages, towns or cities have opted for this alternative.

Issue	Cablevision's Assertions	Verizon's Responses
Enforceability of Contract Generally	Cablevision contends that Verizon's force majeure provisions are too broad and insinuates that Subsection 12.4.1 is an "escape" clause	First, as explained in detail on pages 9 thru 11 of our August 22 letter to the Village Board, Verizon's <i>force majeure</i> provisions are, in fact, more narrow than Cablevision's <i>force majeure</i> provision, and there are good reasons why certain elements are included in Verizon's list of factors constituting <i>force majeure</i> . One example is the fact that Verizon is unionized and Cablevision is not. Thus, labor disturbances, disputes, strike, and the like are very relevant in the case of Verizon. Subsection 12.4.1 is not an escape clause. It is very limited, and simply recognizes that the Village would not intend to revoke the Agreement for minor performance issues related to non-material provisions. For material situations of importance to the Village there are remedies set forth in Article 11 of the Verizon Franchise to deal with such non-performance.
Performance Review and Confidentiality	Cablevision alleges that Verizon's performance review provision would allow it to withhold information from the Village	Section 12.17 of the Verizon Franchise simply provides that Verizon will not be required to disclose any confidential or proprietary information in a <u>public forum</u> . It does not permit Verizon to unilaterally withhold information, and if information is confidential or proprietary in nature, Verizon will provide that information to the Village in a non-public forum. Given all of the other remedies available to the Village in the Verizon Franchise, a performance review every three years should be adequate.

12700631.1

Tab 7

From: Johnson, Brian [mailto:BJohnson@wileyrein.com]
Sent: Friday, September 07, 2007 10:35 AM
To: Alan M Simon
Cc: Janus, Lincoln V. (Linc); Windram, Richard
Subject: RE: Response to Cablevision's Comments

Alan:

Our original goal was to meet with you and the Mayor and hand deliver our chart so that it could be discussed among us before being available for public review. When it appeared that a meeting was not likely prior to next Wednesday, we decide to send the chart, but we were still desirous of talking to you about it prior to it being made public. However, given your response, we hereby withdraw our request for confidentiality.

Brian A. Johnson
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Washington, DC 20006
Voice: 202.719.3480
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Cell: 240.475.2087
Email: bjohnson@wileyrein.com

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From: Alan M Simon [mailto:alanmsimonesq@verizon.net]
Sent: Friday, September 07, 2007 9:38 AM
To: Johnson, Brian
Subject: Re: Response to Cablevision's Comments

Please take back your material. I don't want it. As a Village goverment, everything we deal with is public record. I don't take proprietary and confidential material. I, according to open government laws, release everything. i won't keep your secrets and they have no place in a public hearing. You must decide if you want to have a hearing or not. If this material is not open for discovery and is not part of our record you have not complied with our request.

Tell me what you want.

Very truly yours,

Alan M. Simon

----- Original Message -----

From: [Johnson, Brian](#)
To: alanmsimonesq@verizon.net
Cc: gdefreese@hillburn.org ; lincoln.v.janus@verizon.com ; richard.windram@verizon.com
Sent: Thursday, September 06, 2007 12:25 PM
Subject: Response to Cablevision's Comments

PROPRIETARY AND CONFIDENTIAL

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Tab 8

From: Johnson, Brian [mailto:BJohnson@wileyrein.com]
Sent: Monday, September 17, 2007 11:28 AM
To: Alan M Simon
Cc: Janus, Lincoln V. (Linc)
Subject: Hillburn Cable Franchise Agreement

Alan:

As I am sure you are aware, last Wednesday night the Hillburn Village Board closed the public hearing on Verizon's application for a cable franchise and the proposed cable franchise agreement and scheduled a vote for the Board's next regularly scheduled meeting on Wednesday, September 26. Thus, if the Village desires to discuss any additional changes to the cable franchise agreement as result of Cablevision's and the Mayor's comments and our responses, we need to do so at your earliest convenience this week so that we can be ready for the vote on the 26th.

Brian A. Johnson
Wiley Rein LLP
1776 K Street, NW
Washington, DC 20006
Voice: 202.719.3480
Fax: 202.719.7049
Cell: 240.475.2087
Email: bjohnson@wileyrein.com

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Tab 9

From: Johnson, Brian [mailto:BJohnson@wileyrein.com]
Sent: Tuesday, September 25, 2007 2:33 PM
To: Alan M Simon
Cc: Janus, Lincoln V. (Linc); Windram, Richard; gdefreese@hillburn.org
Subject: RE: Verizon Cable Franchise Agreement with the Village of Hillburn

I still have not heard back from Gladys, but if we are on the Hillburn Village Board's agenda for a vote tomorrow night, we are planning to bring execution copies of the Cable Franchise Agreement with us. In the interest of facilitating the vote and the execution of the agreement we have made the two changes that we offered to the Village on page 3 of the chart that we sent to you September 6. We have deleted former Subsection 2.7.3 regarding changes in state law and have modified the 10 day indemnification notice requirement of Subsection 8.2.1 to provide that it should be done promptly. A comparison version of the agreement showing these two changes is attached. If you should have any questions, please let us know.

Brian A. Johnson
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From: Alan M Simon [mailto:alanmsimonesq@verizon.net]
Sent: Tuesday, September 25, 2007 12:54 PM
To: Johnson, Brian
Subject: Re: Verizon Cable Franchise Agreement

I have no other answer other than what the Village Clerk told you. You may call the Village Clerk.

Helene

----- Original Message -----

From: [Johnson, Brian](mailto:BJohnson@wileyrein.com)
To: gdefreese@hillburn.org
Cc: [Alan M Simon](mailto:Alan.M.Simon@verizon.com) ; lincoln.v.janus@verizon.com ; richard.windram@verizon.com
Sent: Tuesday, September 25, 2007 11:08 AM
Subject: Verizon Cable Franchise Agreement

Is Verizon on the Village Board's agenda for a vote tomorrow night?

Brian A. Johnson
Wiley Rein LLP
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CABLE FRANCHISE AGREEMENT
BY AND BETWEEN
THE VILLAGE OF HILLBURN, NEW YORK
AND
VERIZON NEW YORK, INC.

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EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

THIS CABLE FRANCHISE AGREEMENT (the “Franchise” or “Agreement”) is entered into by and between the Village of Hillburn, a validly organized and existing political subdivision of the State of New York (the “Local Franchising Authority” or “LFA”) and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (the “Franchisee”).

WHEREAS, the LFA wishes to grant Franchisee a nonexclusive franchise to construct, install, maintain, extend and operate a cable system in the Franchise Area as designated in this Franchise;

WHEREAS, the LFA is a “franchising authority” in accordance with Title VI of the Communications Act, (*see* 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended;

WHEREAS, Franchisee is in the process of completing the upgrading of its existing telecommunications and information services network through the installation of a Fiber to the Premise Telecommunications Network (“FTTP Network”) in the Franchise Area which transmits the Non-Cable Services pursuant to authority granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Communications Act, which Non-Cable Services are not subject to the Cable Law or Title VI of the Communications Act;

WHEREAS, the FTTP Network will occupy the Public Rights-of-Way within the LFA, and Franchisee desires to use portions of the FTTP Network to provide Cable Services (as hereinafter defined) in the Franchise Area;

WHEREAS, the LFA has identified the future cable-related needs and interests of the LFA and its community, has considered and approved the financial, technical and legal qualifications of Franchisee, and has determined that Franchisee’s plans for its Cable System are adequate and feasible in a full public proceeding affording due process to all parties;

WHEREAS, the LFA has found Franchisee to be financially, technically and legally qualified to operate the Cable System;

WHEREAS, the LFA has determined that in accordance with the provisions of the Cable Law, this Franchise complies with NY PSC’s franchise standards and the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, the LFA and Franchisee have reached agreement on the terms and conditions set forth herein and the parties have agreed to be bound by those terms and conditions.

NOW, THEREFORE, in consideration of the LFA’s grant of a franchise to Franchisee, Franchisee’s promise to provide Cable Service to residents of the Franchise/Service Area of the LFA pursuant to and consistent with the Cable Law (as hereinafter defined), pursuant to the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

Except as otherwise provided herein, the definitions and word usages set forth in the Cable Law are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1 *Access Channel*: A video Channel, which Franchisee shall make available to the LFA without charge for Public, Educational, or Governmental noncommercial use for the transmission of video programming as directed by the LFA.

1.2 *Affiliate*: Any Person who, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with, the Franchisee.

1.3 *Basic Service*: Any service tier, which includes the retransmission of local television broadcast signals as well as the PEG Channels required by this Franchise.

1.4 *Cable Law*: Article 11 of the New York Public Service Law, as amended, and Title 16, Chapter VIII, Parts 890.60 through 899, of the Official Compilation of Codes, Rules and Regulations of the State of New York, as amended, to the extent authorized under and consistent with federal law.

1.5 *Cable Service or Cable Services*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(6), as amended.

1.6 *Cable System or System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), as amended.

1.7 *Channel*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(4), as amended.

1.8 *Communications Act*: The Communications Act of 1934, as amended.

1.9 *Control*: The ability to exercise *de facto* or *de jure* control over day-to-day policies and operations or the management of Franchisee's affairs.

1.10 *Educational Access Channel*: An Access Channel available for noncommercial use solely by local public schools and public school districts in the Franchise Area and other not-for-profit educational institutions chartered or licensed by the New York State Department of Education or Board of Regents in the Franchise Area as specified by the LFA in Exhibit C to this Agreement.

1.11 *FCC*: The United States Federal Communications Commission, or successor governmental entity thereto.

1.12 *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual

weather conditions, strikes, labor disturbances and disputes, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, incidences of terrorism, acts of vandalism, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.13 *Franchise Area*: The incorporated area (entire existing territorial limits) of the LFA, and such additional areas that may be annexed or acquired.

1.14 *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees.

1.15 *Government Access Channel*: An Access Channel available for the sole noncommercial use of the LFA.

1.16 *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area.

Gross Revenue includes, without limitation: all Subscriber and customer revenues earned or accrued net of bad debts including revenue for: (i) Basic Service; (ii) all fees charged to any Subscribers for any and all Cable Service provided by Franchisee over the Cable System in the Service Area, including without limitation Cable Service related program guides, the installation, disconnection or reconnection of Cable Service; revenues from late or delinquent charge fees; Cable Service related or repair calls; the provision of converters, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee; (iii) video on demand, including pay per view; (iv) revenues from the sale or lease of access channel(s) or channel capacity; and (v) compensation received by Franchisee that is derived from the operation of Franchisee's Cable System to provide Cable Service with respect to commissions that are paid to Franchisee as compensation for promotion or exhibition of any products or services on the Cable System, such as "home shopping" or a similar channel, subject to the exceptions below. Gross Revenue includes a pro rata portion of all revenue derived by Franchisee pursuant to compensation arrangements for advertising derived from the operation of Franchisee's Cable System to provide Cable Service within the Service Area, subject to the exceptions below. The allocation shall be based on the number of Subscribers in the Service Area divided by the total number of subscribers in relation to the relevant local, regional or national compensation arrangement. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue.

Gross Revenue shall not include: Franchise Fees imposed on Franchisee by the LFA that are passed through from Franchisee as a line item paid by Subscribers; revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System; bad debts written off by Franchisee in the normal course of its business (provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected); refunds, rebates or discounts made to Subscribers or other

third parties; any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, however, that portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System for the sale of such merchandise shall be included in Gross Revenue; the sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable Franchise Fees from purchaser's customer; the sale of Cable Services to customers, which are exempt, as required or allowed by the LFA including, without limitation, the provision of Cable Services to public institutions as required or permitted herein; any tax of general applicability imposed upon Franchisee or upon Subscribers by a city, state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity (including, but not limited to, sales/use tax, gross receipts tax, excise tax, utility users tax, public service tax, communication taxes and non-cable franchise fees); any foregone revenue which Franchisee chooses not to receive in exchange for its provision of free or reduced cost cable or other communications services to any Person, including without limitation, employees of Franchisee and public institutions or other institutions designated in the Franchise (provided, however, that such foregone revenue which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue); sales of capital assets or sales of surplus equipment; program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing; any fees or charges collected from Subscribers or other third parties for any PEG Grant or Franchise Grant payments; and any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with federal law, rules, regulations, standards or orders. Should revenue from any service provided by Franchisee over the Cable System be classified as a Cable Service by a final determination or ruling of any agency or court having jurisdiction, after the exhaustion of all appeals related thereto, the LFA shall be entitled, after notification to Franchisee, to amend this Agreement in the manner prescribed under applicable state law or this Franchise to include revenue from Franchisee's provision of such service as Gross Revenue, and Franchisee shall include revenue from such service as Gross Revenue on a going forward basis commencing with the next available billing cycle following the date of issuance of an order from the NY PSC approving such amendment.

1.17 *Information Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. §153(20), as amended.

1.18 *Internet Access*: Dial-up or broadband access service that enables Subscribers to access the Internet.

1.19 *Local Franchise Authority (LFA)*: The Village of Hillburn, New York, or the lawful successor, transferee, or assignee thereof.

1.20 *Non-Cable Services*: Any service that does not constitute the provision of Video Programming directly to multiple Subscribers in the Franchise Area including, but not limited to, Information Services and Telecommunications Services.

1.21 *Normal Business Hours*: Those hours during which most similar businesses in the community are open to serve customers. In all cases, “normal business hours” must include some evening hours at least one night per week and/or some weekend hours.

1.22 *NY PSC*: The New York Public Service Commission.

1.23 *PEG*: Public, Educational, and Governmental.

1.24 *Person*: An individual, partnership, association, joint stock company, trust, corporation, or governmental entity.

1.25 *Public Access Channel*: An Access Channel available for noncommercial use solely by the residents in the Franchise Area on a first-come, first-served, nondiscriminatory basis.

1.26 *Public Rights-of-Way*: The surface and the area across, in, over, along, upon and below the surface of the public streets, roads, bridges, sidewalks, lanes, courts, ways, alleys, and boulevards, including, public utility easements and public lands and waterways used as Public Rights-of-Way, as the same now or may thereafter exist, which are under the jurisdiction or control of the LFA. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.27 *Service Area*: All portions of the Franchise Area where Cable Service is being offered, as described in **Exhibit B** attached hereto.

1.28 *Subscriber*: A Person who lawfully receives Cable Service over the Cable System with Franchisee’s express permission.

1.29 *Telecommunication Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. § 153(46), as amended.

1.30 *Title VI*: Title VI of the Communications Act, Cable Communications, as amended.

1.31 *Transfer of the Franchise*:

1.31.1 Any transaction in which:

1.31.1.1 a fifty percent ownership or other interest in Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Franchisee is transferred; or

1.31.1.2 the rights held by Franchisee under the Franchise and the certificate of confirmation issued therefor by the NY PSC are transferred or assigned to another Person or group of Persons.

1.31.2 However, notwithstanding Sub-subsections 1.34.1.1 and 1.34.1.2 above, a *Transfer of the Franchise* shall not include transfer of an ownership or other interest in Franchisee to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee.

1.32 *Video Programming*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(20), as amended.

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

2.1 *Grant of Authority*: Subject to the terms and conditions of this Agreement and the Cable Law, the LFA hereby grants the Franchisee the right to own, construct, operate and maintain a Cable System along the Public Rights-of-Way within the Franchise Area, in order to provide Cable Service. No privilege or power of eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement.

2.2 *The FTTP Network*: Upon delivery of Cable Service, by subjecting Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the LFA's police power, the LFA has not been granted broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities.

2.3 *Effective Date and Term*: This Franchise shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following its approval by the LFA's governing authority authorized to grant franchises and its acceptance by the Franchisee. The term of this Franchise shall be fifteen (15) years from the Effective Date unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the LFA in writing of the same, which notification shall become a part of this Franchise.

2.4 *Grant Not Exclusive*: The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the LFA reserves the right to grant other franchises for similar uses or for other uses of the Public Rights-of-Way, or any portions thereof, to any Person, or to make any such use itself, at any time during the term of this Franchise. Any such rights which are granted shall not adversely impact the authority as granted under this Franchise and shall not interfere with existing facilities of the Cable System or Franchisee's FTTP Network.

2.5 *Franchise Subject to Federal Law*: Notwithstanding any provision to the contrary herein, this Franchise is subject to and shall be governed by all applicable provisions of federal law as it may be amended, including but not limited to the Communications Act.

2.6 *No Waiver:*

2.6.1 The failure of the LFA on one or more occasions to exercise a right under this Franchise, the Cable Law or other applicable state or federal law, or to require compliance or performance under this Franchise, shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance of this Agreement, nor shall it excuse Franchisee from compliance or performance, unless such right or such compliance or performance has been specifically waived in writing.

2.6.2 The failure of the Franchisee on one or more occasions to exercise a right under this Franchise, the Cable Law or other applicable state or federal law, or to require performance under this Franchise, shall not be deemed to constitute a waiver of such right or a waiver of performance of this Agreement, nor shall it excuse the LFA from performance, unless such right or such performance has been specifically waived in writing.

2.7 *Construction of Agreement:*

2.7.1 The provisions of this Franchise shall be liberally construed to effectuate their objectives.

2.7.2 Nothing herein shall be construed to limit the scope or applicability of Section 625 of the Communications Act, 47 U.S.C. § 545, as amended.

~~2.7.3 Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Franchisee may terminate this Agreement without further obligation to the LFA or, at Franchisee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.~~

2.8 *Police Powers:* The LFA shall not enact any local laws that are inconsistent with this Franchise, provided, however, that nothing in this Franchise shall be construed to prohibit the reasonable, necessary and lawful exercise of the police powers of the LFA in a manner not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders.

2.9 *Restoration of Municipal Property:* Any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to pre-existing condition.

2.10 *Restoration of Subscriber Premises:* Franchisee shall ensure that Subscriber premises are restored to pre-existing condition if damaged by the Franchisee's

employees or agents in any respect in connection with the installation, repair, or disconnection of Cable Service.

3. PROVISION OF CABLE SERVICE

3.1 *Service Area:*

3.1.1 *Service Area:* Subject to the issuance of all necessary permits by the LFA, Franchisee shall offer Cable Service to significant numbers of Subscribers within residential areas of the Service Area and may make Cable Service available to businesses in the Service Area, within twelve (12) months and shall offer Cable Service to all residential areas of the Service Area within five (5) years, of the Effective Date of this Franchise, or, in both instances, such longer period as may be permitted by the Cable Law, except, in accordance with NY PSC rules and regulations: (A) for periods of Force Majeure; (B) for periods of delay caused by the LFA; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where Franchisee cannot gain access after good faith efforts; (F) in areas, developments or buildings where the provision of Cable Service is economically infeasible because such provision requires nonstandard facilities which are not available on a commercially reasonable basis; and (G) in areas where the occupied residential household density does not meet the density and other requirements set forth in Sub-Subsection 3.1.1.1. and Section 3.2.

3.1.1.1 *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than twenty-five (25) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsection 3.1.1 respectively, Franchisee shall provide Cable Service to such area within twelve (12) months of receiving notice from the LFA that the density requirements have been met.

3.2 *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1, and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within one hundred fifty (150) feet of aerial trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, the actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) feet or are in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile and the actual costs incurred to connect any non-residential dwelling unit Subscriber, provided, however, that Franchisee may seek a waiver of any requirement that it extend service to any party requesting the same in an area with a density of less than twenty-five (25) occupied residential dwelling units per mile if such would not be possible within the limitations of economic

feasibility. For underground installations, Franchisee shall charge the Subscriber Franchisee's actual cost. Such cost shall be submitted to said Subscriber, in writing, before installation is begun.

3.3 *Cable Service to Public Buildings:* Subject to Section 3.1, Franchisee shall provide, without charge within the Service Area, one service outlet activated for Basic Service to each public school and public library, and such other buildings used for municipal purposes as may be designated by the LFA as provided in Exhibit A attached hereto; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than five hundred (500) feet solely to provide service to any such school or public building, the LFA shall have the option either of paying Franchisee's direct costs for such extension in excess of five hundred (500) feet, or of releasing Franchisee from the obligation to provide service to such school or public building. Furthermore, Franchisee shall be permitted to recover, from any school or public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet, or concealed inside wiring, or a service outlet requiring more than five hundred (500) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed. For underground installations, Franchisee shall charge the Subscriber Franchisee's actual cost. Such cost shall be submitted to said Subscriber, in writing, before installation is begun. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen or damaged.

3.3.1 The LFA has elected to receive the monetary grant provided in Section 5.2.3 in lieu of and in satisfaction for the obligation to provide a service outlet and free cable service to certain public buildings.

3.4 *Contribution in Aid:* Notwithstanding the foregoing, Franchisee shall comply at all times, with the requirements of Section 895.5 of NY PSC rules and regulations.

4. SYSTEM FACILITIES

4.1 *Quality of Materials and Work:* Franchisee shall construct and maintain its System using materials of good and durable quality, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner.

4.2 *System Characteristics:* During the term hereof Franchisee's Cable System shall meet or exceed the following requirements:

4.2.1 The System shall be designed and operated with an initial analog and digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

4.2.2 The System shall be designed to be an active two-way plant for subscriber interaction, if any, required for the selection or use of Cable Service.

4.3 *Interconnection*: The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area. Interconnection of systems may be made by direct cable connection, microwave link, satellite, or other appropriate methods.

4.4 *Emergency Alert System*: Franchisee shall comply with the Emergency Alert System (“EAS”) requirements of the FCC and the State of New York, including the NY PSC’s rules and regulations and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

5. PEG SERVICES

5.1 *PEG Set Aside*:

5.1.1 In order to ensure universal availability of public, educational and government programming, Franchisee shall provide capacity on its Basic Service tier for up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, “PEG Channels”).

5.1.2 The programming to be carried on each of the PEG Channels set aside by Franchisee is reflected in **Exhibit C** attached hereto. The LFA hereby authorizes Franchisee to transmit such programming within and without LFA jurisdictional boundaries. Franchisee specifically reserves the right to make or change channel assignments in its sole discretion. If a PEG Channel provided under this Article is not being utilized by the LFA, Franchisee may utilize such PEG Channel, in its sole discretion, until such time as the LFA elects to utilize the PEG Channel for its intended purpose. In the event that the LFA determines to use PEG capacity, the LFA shall provide Franchisee with prior written notice of such request in accordance with NY PSC rules and regulations.

5.1.3 Franchisee shall provide the technical ability to play back pre-recorded programming provided to Franchisee consistent with this Section. Franchisee shall transmit programming consistent with the dedicated uses of PEG Access Channels. Franchisee shall comply at all times with the requirements of Section 895.4 of the NY PSC rules and regulations.

5.2 *PEG Grant and Franchise Grant*:

5.2.1 Franchisee shall provide to the LFA for use in support of the production of local PEG programming a PEG grant (the “PEG Grant”) in the amount of ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500) payable within ninety (90) days after the Effective Date. Such PEG Grant shall be used solely by the LFA for PEG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG access facilities.

5.2.2 The LFA shall provide Franchisee with a complete accounting of the distribution of funds granted pursuant to Subsection 5.2.1.

5.2.3 In lieu of and in satisfaction for the obligation to provide a service outlet and free cable service to certain public buildings, Franchisee shall pay the LFA a Franchise Grant in the total amount of ONE THOUSAND FIVE HUNDRED DOLLARS (\$1,500) payable within ninety (90) days after the Effective Date.

5.3 *Indemnity for PEG:* The LFA shall require all local producers and users of any of the PEG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement and to defend and hold harmless Franchisee and the LFA from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or Channel. The LFA shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. §531.

5.4 *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the PEG Grant, other costs arising from the provision of PEG services from Subscribers and the Franchise Grant and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the foregoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection and any franchise-related costs to Subscribers.

6. FRANCHISE FEES

6.1 *Payment to LFA:* Franchisee shall pay to the LFA a Franchise Fee of five percent (5%) of annual Gross Revenue (the "Franchise Fee"). In accordance with Title VI, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

6.2 *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report prepared by a representative of Franchisee showing the basis for the computation.

6.3 *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due, but cannot exceed the date of records retention reflected in Article 7.

6.4 *Bundled Services:* If Cable Services subject to the Franchise Fee required under this Article 6 are provided to Subscribers in conjunction with Non-Cable Services, the

Franchise Fee shall be applied only to the value of the Cable Services, as reflected on the books and records of Franchisee in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders.

7. REPORTS AND RECORDS

7.1 *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFA shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by Franchisee as confidential and shall only disclose it to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

7.2 Records Required: Franchisee shall at all times maintain:

7.2.1 Records of all written complaints for a period of six (6) years after receipt by Franchisee. The term "complaint" as used herein refers to complaints about any aspect of the Cable System or Franchisee's cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

7.2.2 Records of outages for a period of six (6) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

7.2.3 Records of service calls for repair and maintenance for a period of six (6) years after resolution by Franchisee, indicating the date and time service was required, the date of acknowledgment and date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was resolved;

7.2.4 Records of installation/reconnection and requests for service extension for a period of six (6) years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended; and

7.2.5 A map showing the area of coverage for the provisioning of Cable Services and estimated timetable to commence providing Cable Service.

7.3 *System-Wide Statistics:* Any valid reporting requirement in the Franchise may be satisfied with system-wide statistics, except those related to Franchise Fees and consumer complaints.

8. INSURANCE AND INDEMNIFICATION

8.1 *Insurance:*

8.1.1 Franchisee shall maintain in full force and effect, at its own cost and expense, during the Franchise Term, the following insurance coverage:

8.1.1.1 Commercial General Liability Insurance in the amount of one million dollars (\$1,000,000) combined single limit for property damage and bodily injury. Such insurance shall cover the construction, operation and maintenance of the Cable System, and the conduct of Franchisee's Cable Service business in the LFA.

8.1.1.2 Automobile Liability Insurance in the amount of one million dollars (\$1,000,000) combined single limit for bodily injury and property damage coverage.

8.1.1.3 Workers' Compensation Insurance meeting all legal requirements of the State of New York.

8.1.1.4 Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: \$100,000; and (B) Bodily Injury by Disease: \$100,000 employee limit; \$500,000 policy limit.

8.1.1.5 Excess liability or umbrella coverage of not less than ten million dollars (\$10,000,000).

8.1.2 The LFA shall be designated as an additional insured under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance, Employer's Liability Insurance, and excess liability or umbrella coverage.

8.1.3 Each of the required insurance policies shall be noncancellable except upon thirty (30) days prior written notice to the LFA. Franchisee shall not cancel any required insurance policy without submitting documentation to the LFA verifying that the Franchisee has obtained alternative insurance in conformance with this Agreement.

8.1.4 Each of the required insurance policies shall be with sureties qualified to do business in the State of New York, with an A- or better rating for financial condition and financial performance by Best's Key Rating Guide, Property/Casualty Edition.

8.1.5 Upon written request, Franchisee shall deliver to the LFA Certificates of Insurance showing evidence of the required coverage.

8.2 *Indemnification:*

8.2.1 Franchisee agrees to indemnify the LFA for, and hold it harmless from, all liability, damage, cost or expense arising from claims of injury to persons or damage to property occasioned by reason of any conduct undertaken pursuant to the Franchise, or by reason of any suit or claim for royalties, programming license fees or infringement of patent rights arising out of Franchisee's provision of Cable Services over the Cable System other than PEG facilities and Channels, provided that the LFA shall give Franchisee prompt written notice of ~~the LFA's request~~ a claim or action for which it seeks indemnification ~~within ten (10) days of receipt of a claim or action~~ pursuant to this Subsection, and, in any event, the LFA shall provide Franchisee with such written notice within a period of time that allows Franchisee to take action to avoid entry of a default judgment and does not prejudice Franchisee's ability to defend the claim or action. Notwithstanding the foregoing, Franchisee shall not indemnify the LFA for any damages, liability or claims resulting from the willful misconduct or negligence of the LFA, its officers, agents, employees, attorneys, consultants, independent contractors or third parties or for any activity or function conducted by any Person other than Franchisee in connection with PEG Access or EAS.

8.2.2 With respect to Franchisee's indemnity obligations set forth in Subsection 8.2.1, Franchisee shall provide the defense of any claims brought against the LFA by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the LFA, which shall not be unreasonably withheld. Nothing herein shall be deemed to prevent the LFA from cooperating with the Franchisee and participating in the defense of any litigation by its own counsel at its own cost and expense, provided however, that after consultation with the LFA, Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such proposed settlement includes the release of the LFA and the LFA does not consent to the terms of any such settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify the LFA shall in no event exceed the amount of such settlement.

8.2.3 The LFA shall hold harmless and defend Franchisee from and against and shall be responsible for damages, liability or claims resulting from or arising out of the willful misconduct or negligence of the LFA.

8.2.4 The LFA shall be responsible for its own acts of willful misconduct, negligence, or breach, subject to any and all defenses and limitations of liability provided by law. The Franchisee shall not be required to indemnify the LFA for acts of the LFA which constitute willful misconduct or negligence on the part of the LFA, its officers, employees, agents, attorneys, consultants, independent contractors or third parties.

9. **TRANSFER OF FRANCHISE**

9.1 *Transfer:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, as amended, no Transfer of the Franchise shall occur without the prior consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned. In considering an application for the Transfer of the Franchise, the LFA may consider the

applicant's: (i) technical ability; (ii) financial ability; (iii) good character; and (iv) other qualifications necessary to continue to operate the Cable System consistent with the terms of the Franchise. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.31 above.

10. RENEWAL OF FRANCHISE

10.1 *Governing Law*: The LFA and Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 12.11 below, the Cable Law and Section 626 of the Communications Act, 47 U.S.C. § 546, as amended.

10.2 *Needs Assessment*: In addition to the procedures set forth in Section 626 of the Communications Act, the LFA shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Franchisee under the then current Franchise term. Such assessments shall be provided to Franchisee by the LFA promptly so that Franchisee will have adequate time to submit a proposal under 47 U.S.C. § 546 and complete renewal of the Franchise prior to expiration of its term.

10.3 *Informal Negotiations*: Notwithstanding anything to the contrary set forth herein, Franchisee and the LFA agree that at any time during the term of the then current Franchise, while affording the public appropriate notice and opportunity to comment, the LFA and Franchisee may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise and the LFA may grant a renewal thereof.

10.4 *Consistent Terms*: Franchisee and the LFA consider the terms set forth in this Article 10 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

11. ENFORCEMENT AND TERMINATION OF FRANCHISE

11.1 *Notice of Violation*: If at any time the LFA believes that Franchisee has not complied with the terms of the Franchise, the LFA shall informally discuss the matter with Franchisee. If these discussions do not lead to resolution of the problem in a reasonable time, the LFA shall then notify Franchisee in writing of the exact nature of the alleged noncompliance in a reasonable time (for purposes of this Article, the "Noncompliance Notice").

11.2 *Franchisee's Right to Cure or Respond*: Franchisee shall have sixty (60) days from receipt of the Noncompliance Notice to: (i) respond to the LFA, if Franchisee contests (in whole or in part) the assertion of noncompliance; (ii) cure such noncompliance; or (iii) in the event that, by its nature, such noncompliance cannot be cured within such sixty (60) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the date by which Franchisee projects that it will complete cure of such noncompliance. Upon cure of any noncompliance, the LFA shall provide written confirmation that such cure has been effected.

11.3 *Public Hearing:* The LFA shall schedule a public hearing if the LFA seeks to continue its investigation into the alleged noncompliance (i) if Franchisee fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or (ii) if Franchisee has not remedied the alleged noncompliance within sixty (60) days or the date projected pursuant to Section 11.2(iii) above. The LFA shall provide Franchisee at least sixty (60) business days prior written notice of such public hearing, which will specify the time, place and purpose of such public hearing, and provide Franchisee the opportunity to be heard.

11.4 *Enforcement:* Subject to Section 12.11 below and applicable federal and state law, in the event the LFA, after the public hearing set forth in Section 11.3, determines that Franchisee is in default of any provision of this Franchise, the LFA may:

11.4.1 Seek specific performance of any provision, which reasonably lends itself to such remedy, as an alternative to damages; or

11.4.2 Commence an action at law for monetary damages or seek other equitable relief; or

11.4.3 In the case of a substantial noncompliance with a material provision of this Franchise, seek to revoke the Franchise in accordance with Section 11.5.

11.5 *Revocation:* Should the LFA seek to revoke this Franchise after following the procedures set forth above in this Article, including the public hearing described in Section 11.3, the LFA shall give written notice to Franchisee of such intent. The notice shall set forth the specific nature of the noncompliance. The Franchisee shall have ninety (90) days from receipt of such notice to object in writing and to state its reasons for such objection. In the event the LFA has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a second public hearing. The LFA shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

11.5.1 At the designated public hearing, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of the LFA, to compel the testimony of other persons as permitted by law, and to question and/or cross examine witnesses. A complete verbatim record and transcript shall be made of such hearing.

11.5.2 Following the second public hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to the LFA in writing and thereafter the LFA shall determine (i) whether an event of default has occurred under this Franchise; (ii) whether such event of default is excusable; and (iii) whether such event of default has been cured or will be cured by the Franchisee. The LFA shall also determine whether it will revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the LFA determines that it will revoke the Franchise, the LFA shall promptly provide Franchisee with a written determination setting forth the LFA's reasoning for such revocation. Franchisee may appeal such written determination of the LFA to

an appropriate court, which shall have the power to review the decision of the LFA *de novo*. Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the written determination of the LFA.

11.5.3 The LFA may, at its sole discretion, take any lawful action that it deems appropriate to enforce the LFA's rights under the Franchise in lieu of revocation of the Franchise.

11.6 *Abandonment of Service*: Franchisee shall not abandon any Cable Service or portion thereof without the LFA's prior written consent as provided in the Cable Law.

12. MISCELLANEOUS PROVISIONS

12.1 *Actions of Parties*: In any action by the LFA or Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable, expeditious, and timely manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld, delayed or conditioned.

12.2 *Binding Acceptance*: This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns, and the promises and obligations herein shall survive the expiration date hereof.

12.3 *Preemption*: In the event that federal or state law, rules, or regulations preempt a provision or limit the enforceability of a provision of this Agreement, the provision shall be read to be preempted to the extent, and for the time, but only to the extent and for the time, required by law. In the event such federal or state law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of the LFA.

12.4 *Force Majeure*: Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure.

12.4.1 Furthermore, the parties hereby agree that it is not the LFA's intention to subject Franchisee to penalties, fines, forfeitures or revocation of the Franchise for violations of the Franchise where the violation was a good faith error that resulted in no or minimal negative impact on Subscribers, or where strict performance would result in practical difficulties and hardship being placed upon Franchisee that outweigh the benefit to be derived by the LFA and/or Subscribers.

12.5 *Notices*: Unless otherwise expressly stated herein, notices required under the Franchise shall be mailed first class, postage prepaid, to the addressees below. Each party may change its designee by providing written notice to the other party.

12.5.1 Notices to Franchisee shall be mailed to:

Verizon New York Inc.
Jack White, Senior Vice President and General Counsel
Verizon Telecom
One Verizon Way
Room VC43E010
Basking Ridge, NJ 07920-1097

12.5.2 Notices to the LFA shall be mailed to:

Village Clerk-Treasurer
Village of Hillburn
31 Mountain Avenue
Hillburn, NY 10931

12.5.3 with a copy to:

Mayor
Village of Hillburn
31 Mountain Avenue
Hillburn, NY 10931

12.6 *Entire Agreement*: This Franchise and the Exhibits hereto constitute the entire agreement between Franchisee and the LFA and they supersede all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

12.7 *Amendments and Modifications*: Amendments and/or modifications to this Franchise shall be mutually agreed to in writing by the parties and subject to the approval of the NY PSC, pursuant to the Cable Law.

12.8 *Captions*: The captions and headings of articles and sections throughout this Agreement are intended solely to facilitate reading and reference to the articles, sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement.

12.9 *Severability*: If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other section, subsection, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect for the term of the Franchise.

12.10 *Recitals*: The recitals set forth in this Agreement are incorporated into the body of this Agreement as if they had been originally set forth herein.

12.11 *FTTP Network Transfer Prohibition*: Under no circumstance including, without limitation, upon expiration, revocation, termination, denial of renewal of the Franchise or any other action to forbid or disallow Franchisee from providing Cable Services, shall Franchisee or its assignees be required to sell any right, title, interest, use or control of any portion of Franchisee's FTTP Network including, without limitation, the Cable System and any capacity used for Cable Service or otherwise, to the LFA or any third party. Franchisee shall not be required to remove the FTTP Network or to relocate the FTTP Network or any portion thereof as a result of revocation, expiration, termination, denial of renewal or any other action to forbid or disallow Franchisee from providing Cable Services. This provision is not intended to contravene leased access requirements under Title VI or PEG requirements set out in this Agreement.

12.12 *NY PSC Approval*: This Franchise is subject to the approval of the NY PSC. Franchisee shall file an application for such approval with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

12.13 *Rates and Charges*: The rates and charges for Cable Service provided pursuant to this Franchise shall be subject to regulation in accordance with federal law.

12.14 *Publishing Information*: LFA hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

12.15 *Employment Practices*: Franchisee will not refuse to hire, nor will it bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions, or privileges of employment because of age, race, creed, color, national origin, or sex.

12.16 *Customer Service*: Franchisee shall comply with the consumer protection and customer service standards set forth in Parts 890 and 896 of the NY PSC rules and regulations.

12.17 *Performance Review*: The LFA may, at its discretion but not more than once per three (3) year period, hold an informal performance evaluation session (the "Performance Review") to review Franchisee's compliance with the terms and conditions of this Franchise. The LFA shall provide Franchisee with at least thirty (30) days prior written notice of the Performance Review to be held at a mutually agreeable time. Franchisee shall have the opportunity to participate in and be heard at the Performance Review. Franchisee shall not be required to disclose any confidential or proprietary information at any Performance Review held in a public forum. To the extent Franchisee identifies any information addressed at a Performance Review as confidential or proprietary, Franchisee shall cooperate with the LFA to arrange a meeting with designated LFA representatives in an informal non-public forum to review any such confidential or proprietary information to the extent necessary to effectuate the objectives of this Section 12.17; provided, however, that the information disclosed to the LFA by the Franchisee at any such informal non-public meeting shall be treated by the LFA as

confidential. Within thirty (30) days after the conclusion of the Performance Review, the LFA shall provide Franchisee written documentation (the "Performance Review Report") setting forth its determinations regarding Franchisee's compliance with the terms and conditions of this Franchise. The Performance Review Report shall not contain any confidential information disclosed by the Franchisee in connection with the Performance Review.

12.18 *No Third Party Beneficiaries:* Except as expressly provided in this Agreement, this Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

12.19 *LFA Official:* The Mayor of the LFA is the LFA official that is responsible for the continuing administration of this Agreement.

12.20 *No Waiver of LFA's Rights:* Notwithstanding anything to the contrary in this Agreement, no provision of this Agreement shall be construed as a waiver of the LFA's rights under applicable federal and state law.

AGREED TO THIS ____ DAY OF _____, 2007.

LFA:

VILLAGE OF HILLBURN

By: _____
Brian L. Miele
Mayor

Verizon New York Inc.

By: _____
Tracey Edwards
Vice President

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Facility	Address	City	State	Zip
Hillburn Village Hall	31 Mountain Avenue	Hillburn	NY	10931
Hillburn Fire Department	37 5 th Street	Hillburn	NY	10931
Hillburn Youth Center	77 5 th Street	Hillburn	NY	10931

EXHIBIT B

SERVICE AREA

The Service Area shall be the Franchise Area. A map of the Service Area is attached hereto.

The construction of the Franchisee's FTTP Network has been completed to approximately 98% of the current households in the Franchise Area. At present, Franchisee's anticipated schedule calls for 98% deployment by February 2008, 99% deployment by August 2008, 99% deployment by February 2009, 99% deployment by August 2009, 99% deployment by February 2010, 99% deployment by August 2010, 99% deployment by February 2011, 99% deployment by August 2011, 99% deployment by February 2012, and 100% deployment by August 2012. This schedule is subject to further review and modification by the Franchisee consistent with Section 895.5(b)(1) of the NY PSC rules and regulations; provided, however, that Franchisee shall provide notice to the LFA and the NY PSC of any material change in this schedule..

EXHIBIT C

PEG CHANNELS

At this time, the LFA has not requested any PEG Access Channels